

Also, a bill (H. R. 13863) granting an increase of pension to Mary M. Headley; to the Committee on Invalid Pensions.

By Mr. LAMBERTSON: A bill (H. R. 13864) granting a pension to Edith Rhodes Gallion; to the Committee on Pensions.

By Mr. NOLAN: A bill (H. R. 13865) for the relief of Joseph Lane; to the Committee on Claims.

Also, a bill (H. R. 13866) for the relief of John F. Paterson; to the Committee on Military Affairs.

By Mrs. NORTON: A bill (H. R. 13867) to authorize the Commissioners of the District of Columbia to reappoint George N. Richardson in the police department of said District; to the Committee on the District of Columbia.

By Mr. RANSLEY: A bill (H. R. 13868) for the relief of Edward Curry; to the Committee on Military Affairs.

By Mr. REED of New York: A bill (H. R. 13869) granting an increase of pension to Susan Bock; to the Committee on Invalid Pensions.

By Mr. SCHAFER: A bill (H. R. 13870) for the relief of Peter Karampelis; to the Committee on Claims.

By Mr. MURPHY: Resolution (H. Res. 331) to pay to Martha H. Miller, daughter of Thomas M. Holt, late an employee of the House, an amount equal to one year's compensation of the said Thomas M. Holt; to the Committee on Accounts.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9157. By Mr. BUCKBEE: Petition of Mrs. William Johnson, secretary of the Swedish Ladies Union Aid Society, 903 Fourth Avenue, Rockford, Ill., and 41 others, asking the House of Representatives to vote favorably upon the stop-alien representation amendment; to the Committee on the Judiciary.

9158. By Mr. COCHRAN of Pennsylvania: Petition of several citizens of Johnsonburg, Pa., urging the passage of the stop-alien amendment to the United States Constitution to cut out the 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9159. Also, petition of citizens of Marienville, Pa., urging the passage of the stop-alien amendment to the Constitution of the United States to cut out the 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Census.

9160. By Mr. CONDON: Petition of Herbert H. Denison and 202 other citizens of Rhode Island, protesting against repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9161. Also, petition of William E. McGann and 59 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9162. By Mr. MEAD: Petition of the Maritime Association of the Port of New York, protesting against the Reconstruction Finance Corporation loaning money for purpose of building terminal, consisting of docks, piers, bulkheads, etc., at Bayonne, N. J.; to the Committee on Banking and Currency.

9163. Also, petition of citizens of Eden, Erie County, N. Y., urging support of the stop-alien representation amendment to the Constitution to count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9164. By Mr. MURPHY: Petition of 44 citizens of Martins Ferry, Belmont County, Ohio, urging the passage of a stop-alien representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9165. By Mr. PERKINS: Petition of Elizabeth B. Titus, vice president of the Woman's Christian Temperance Union of Hunterdon County, N. J., also containing the names of 49 members of that organization, opposing legislative acts that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9166. Also, petition containing 47 names of citizens of Bloomingdale, Passaic County, N. J., opposing legislative acts that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9167. Also, petition containing 213 names of citizens of Warren County, N. J., opposing legislative acts that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9168. Also, petition containing the names of 204 residents of Ridgewood, Bergen County, N. J., opposing legislative acts that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9169. Also, petition containing 119 names of citizens of Bergen County, N. J., opposing legislative acts that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9170. Also, petition containing 162 names of citizens of Newton, Sussex County, N. J., opposing legislative acts that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9171. By Mr. SEGER: Memorial of the New Jersey State Federation of Women's Clubs and the Paterson and Passaic sections of the National Council of Jewish Women on the war debts; to the Committee on Foreign Affairs.

9172. Also, petition of 46 residents of Passaic County, N. J., expressing opposition to the return of beer; to the Committee on Ways and Means.

9173. By Mr. STRONG of Pennsylvania: Petition of citizens of Blairsville, Pa., favoring the proposed amendment to the Constitution of the United States to exclude aliens and count only American citizens when making future congressional apportionments; to the Committee on the Judiciary.

9174. Also, petition of citizens of Kittanning, Pa., urging immediate restoration of the 2-cent rate of postage on first-class mail; to the Committee on Ways and Means.

9175. By Mr. THOMASON: Petition of citizens of Andrews County, Tex., urging the enforcement of the eighteenth amendment and opposing any modification of the Volstead Act; to the Committee on the Judiciary.

9176. By Mr. WEST: Petition of 56 citizens of Newark, Ohio, urging passage of the stop-alien representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9177. Also, petition of Woman's Home Missionary Society of Plymouth, Ohio, urging passage of a bill which will (1) establish a Federal motion-picture commission; (2) declare the motion-picture industry a public utility; (3) regulate the trade practices of the industry used in the distribution of pictures; (4) supervise the selection and treatment of subject material during the process of production; and (5) provide that all pictures entering interstate and foreign commerce be produced and distributed under Government supervision and regulation; also urging support of bill No. 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

## SENATE

THURSDAY, DECEMBER 22, 1932

(Legislative day of Thursday, December 8, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDENT pro tempore. The Senate will receive a message from the House of Representatives.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had

passed a bill (H. R. 13742) to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes, in which it requested the concurrence of the Senate.

#### CALL OF THE ROLL

Mr. NORRIS obtained the floor.

Mr. FESS. Mr. President, will the Senator yield to enable me to make the point of no quorum?

The PRESIDENT pro tempore. Does the Senator from Nebraska yield for that purpose?

Mr. NORRIS. I yield.

Mr. FESS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Schuyler
Austin	Cutting	Kendrick	Sheppard
Bailey	Dale	King	Shipstead
Bankhead	Davis	La Follette	Shortridge
Barkley	Dickinson	Lewis	Smith
Bingham	Dill	Logan	Smoot
Black	Fess	McGill	Steiwer
Blaine	Frazier	McKellar	Swanson
Borah	George	Moses	Thomas, Idaho
Broussard	Goldsbrough	Neely	Thomas, Okla.
Bulkeley	Gore	Norbeck	Townsend
Bulow	Grammer	Norris	Trammell
Byrnes	Hale	Nye	Tydings
Capper	Harrison	Oddie	Vandenberg
Caraway	Hastings	Patterson	Wagner
Carey	Hawes	Pittman	Walcott
Cohen	Hayden	Reed	Walsh, Mass.
Connally	Hebert	Reynolds	Walsh, Mont.
Coolidge	Howell	Robinson, Ark.	Watson
Copeland	Hull	Robinson, Ind.	Wheeler
Costigan	Johnson	Schall	White

Mr. FESS. I wish to announce that the senior Senator from Oregon [Mr. McNARY] is necessarily absent on account of illness.

Mr. HEBERT. My colleague [Mr. METCALF] is necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. HARRISON. I desire to announce that my colleague the junior Senator from Mississippi [Mr. STEPHENS] is detained by reason of illness.

Mr. TRAMMELL. I wish to announce that my colleague the senior Senator from Florida [Mr. FLETCHER] is detained by illness.

Mr. LA FOLLETTE. I wish to announce that the senior Senator from Iowa [Mr. BROOKHART] is necessarily absent by reason of illness.

Mr. SHEPPARD. I desire to announce the necessary absence from the Senate of the junior Senator from Louisiana [Mr. LONG].

The PRESIDENT pro tempore. Eighty-four Senators having answered to their names, a quorum is present. The question is upon the motion of the Senator from Vermont [Mr. AUSTIN] under the unanimous-consent agreement entered into yesterday.

#### RECONSTRUCTION FINANCE CORPORATION

Mr. NORRIS. Mr. President, at the time we passed the act providing for the Reconstruction Finance Corporation at the last session of Congress there was very great disagreement and considerable debate over the question whether the activities of the corporation should be made public. Quite a number of Senators, including myself, believed that inasmuch as the corporation had to do all of its business upon capital supplied from the Treasury of the United States and inasmuch as it was authorized to use about \$2,000,000,000 of the taxpayers' money, complete publicity ought to be given to all its transactions. But we were defeated in our contention and the law permitted secrecy. For five months, until the law was amended, all the transactions of the Reconstruction Finance Corporation were shrouded in secrecy. It was contended on one hand that large corporations and banks would probably succeed in getting large loans, more than it was believed they ought to have. It was claimed on the other hand that this money would be loaned mostly to small institutions and that it would be scattered over the country practically in an equal division.

In the January number of Harper's Magazine there is a very illuminating article entitled "Inside the R. F. C.," written by John T. Flynn. In the article Mr. Flynn undertakes to disclose some of the secret operations which have been going on during the first five months of the life of the Reconstruction Finance Corporation. I want to quote from the article. Near the beginning of it he says:

In the very act of its birth the R. F. C. was stricken dumb by the President. Thereafter for five months it passed round hundreds of millions of dollars of public money to banks and railroads without affording either to the public, or even to Congress itself, a grain of information about the identity of the objects of its bounty.

Farther on he says that the Interstate Commerce Commission, whose proceedings are public, brought out the fact that large loans were being made to railroads. It was provided in the act that if a loan was made to a railroad it must be approved by the Interstate Commerce Commission, and that part of the proceedings, therefore, became public. In order to ease the public mind the President and various other officials from time to time issued statements tending to convey the idea to the public that the Reconstruction Finance Corporation, dealing with the taxpayers' money, was scattering it over the country and giving it mostly to small institutions. At the time the bill became a law President Hoover issued a statement, in which he said:

It [the R. F. C.] is not created for the aid of big industries and big banks. Such institutions are amply able to take care of themselves.

Statements were issued by other public officials connected with the Reconstruction Finance Corporation to the same effect—

The President gave out a telegram he had received from the Bank of Abbeville, in Louisiana, praising the R. F. C. for saving that little bank.

Three weeks after the R. F. C. started to function, the Comptroller of the Currency declared that \$24,000,000 had been lent to banks "scattered all over the country."

The evident purpose was to make the people believe that the small banks were getting the benefit and that nothing was being paid to big banks.

According to Mr. Flynn, the statement "that \$24,000,000 had been lent to banks 'scattered all over the country'" was technically correct, but it would be technically correct if practically all that money was lent to one bank. He further says:

The number of loans and the banks were, indeed, scattered. But the money was not. Twenty-one million out of the twenty-four million had gone to just two banks.

Two weeks later the White House issued a statement that the R. F. C. had lent \$61,000,000 to financial institutions, "including 255 banks, mostly small country banks." But—

Mr. Flynn says—

But of that \$61,000,000 over \$41,000,000 had gone to just three banks.

The statement technically, of course, was still correct.

On the very day—

Says Mr. Flynn—

when the President gave out the telegram acknowledging the salvation of the little Abbeville bank, the R. F. C. made an unmentioned loan of \$25,000,000 to one big city bank.

And so on. He refers to the money loaned to the New York banks, and winds up the article as follows:

Out of the \$264,000,000 loaned to railroads by the R. F. C., \$156,000,000 has been advanced to the roads controlled by three groups—the Morgans, the Van Sweringens, and the Pennsylvania Railroad. Some explanation will certainly have to be made sooner or later of this amazing performance.

Mr. President, it will pay any Member of Congress to read this article. I think before we are through with this subject it will require a searching and minute investigation on the part of a committee, either of the other House or of the Senate, in order that the people of the United States may know what has been done with the millions of money that have been taken from the taxpayers of America in these



distressing times. I ask unanimous consent, therefore, that this entire article may be printed as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INSIDE THE R. F. C.—AN ADVENTURE IN SECRECY

By John T. Flynn

The Congress which now presides over the dying months of President Hoover's administration will, let us hope, bring to an end that fatuous adventure in secrecy which has stained the record of the Reconstruction Finance Corporation. In the very act of its birth the R. F. C. was stricken dumb by the President. Thereafter for five months it passed around hundreds of millions of dollars of public money to banks and railroads without affording either to the public, or even to Congress itself, a grain of information about the identity of the objects of its bounty.

After these five months—in July—when Congress supplied it with additional billions, the directors were ordered to make to the House of Representatives monthly reports of the sums laid out and the persons or corporations receiving them. Through a mere misadventure in framing this publicity clause the loans made by the corporation in those first five months were omitted. For this reason we must now divide the life of the R. F. C. into two episodes. The first, covering the period from February to June, was marked by the most complete secrecy; in the second, from July to date, in obedience to Congress, the directors have been compelled to reveal the destination of their funds.

Here I shall deal with that first episode—the period of darkness, of secrecy. In that time something more than a billion dollars was authorized in loans. Of this sum, nearly 80 per cent (\$853,496,289) was lent to bank and railroad corporations. The railroad loans we have been able to guess at because of the preliminary approval required from the Interstate Commerce Commission, whose proceedings are public. But the bank loans—\$642,000,000 of them—have never been revealed to this day.

These vast sums were laid out by a group of directors drawn from those business groups whose performances during the pre-crash years have rendered them objects of suspicion to the American people. The immense sums they dispensed were given to borrowers many of whom, to put it mildly, have forfeited, justly or unjustly, the confidence of the people. These circumstances alone cast a sinister shadow over the policy of secrecy pursued. But the case is something worse than this. The administration did not stop at mere concealment but led the public to the acceptance of utterly false impressions.

Here I propose to reveal some of these hitherto unreported loans—enough, at least, to justify Congress in tearing away the screen altogether and bringing to light this whole story.

Before lifting a corner of the curtain let me insert a word about this dangerous notion that government can be safely conducted in secrecy. There is a school of politicians—in close communion with their business allies—who hold to what is sometimes called the idiot theory of government, because of certain expressions which the President himself has let fall. There is a belief that the citizens are stupid; that the less they know the better off they will be; that knowledge in their immature minds will frequently produce economic disorder; and that they will be better served if they will intrust their affairs to the strong and able men set over them by Providence and a well-oiled election machine. The theory ignores a very old truth—that if there are foolish citizens there are also selfish rulers; that the poor judgment of the masses is to be trusted hardly less than the bad ethics of their leaders; and that, in any case, those who supply the funds for governments and the blood for wars have a right to know what is being done with their money and their lives.

For a century this country (and the world) has been learning the solemn lesson that it has nothing to fear so much as the public servant who is unwilling to report to society what he is doing with its funds. In America, at least, we have been warring upon secret diplomacy, secret campaign funds, secret corporation activities, secret utility and railroad managements.

The R. F. C. episode is the perfect example of the policy of secrecy. The prologue to the R. F. C. was the National Credit Corporation. It was proposed at a White House conference October 6, 1931. Thirty-two leaders of all groups were summoned. The topic of the conference was kept a secret even from the conferees. They were not permitted to think in advance of what they were to discuss. The President was warned against this course but persisted in it. The corporation formed as a result—a private one composed of bankers—functioned in the most absolute secrecy. Two months later the R. F. C. was brought forward to supplant it. Democratic and Republican leaders alike sought to learn how much funds the Credit Corporation had raised, what loans it had made, what it had accomplished. The facts about it have never become known to this day.

When the Reconstruction Finance Corporation, really suggested originally by Eugene Meyer, but quietly adopted by the President, was proposed, various congressional leaders demanded a system of regular reports from the new corporation. The President defeated that proposal. Publicity would react unfavorably and perhaps disastrously on banks if it were known they sought help from the Government, he declared. But why should railroad loans be kept secret? As a matter of fact, Senator COUZENS insisted that no railroad loans be made until first approved by the Interstate Commerce Commission. This provision alone saved the rail loans from being swathed in the same concealment as the bank loans. It was apparently overlooked at the time that Inter-

state Commerce Commission proceedings are always reported. As it is, we know the loans approved by the Interstate Commerce Commission, but the R. F. C. has never revealed what it has done about them.

Let this important and significant fact be noted—that in the first period of secrecy loans were made in immense millions to many big banks. After July 1, when secrecy became no longer possible, these big bank loans ceased.

When the R. F. C. was proposed, many critics feared it was a scheme to aid certain types of big banks. Rightly or wrongly, this apprehension was based on the belief that many big bankers had been guilty of a serious betrayal of their trusts; that sound banking practices had been thrown to the winds; that the resources of the banks had been made available for speculative enterprises through new and vicious forms of banking organization. There was a feeling that the Government ought not to use the funds of the people to protect and perpetuate these dubious kinds of banks.

The President was aware of this feeling. When he signed the Reconstruction Finance Corporation bill he issued a statement in which appeared these words:

"It [the R. F. C.] is not created for the aid of big industries and big banks. Such institutions are amply able to take care of themselves. It is created for the support of the smaller banks and financial institutions and, through rendering their resources liquid, to give renewed support to business, industry, and agriculture."

When the show got under way and criticism became audible, expressing fear that the big banks were getting the money, the President and the R. F. C. officers issued numerous statements that almost all of the loans were going to small banks. Publicity was cleverly employed. The President gave out a telegram he had received from the Bank of Abbeville, in Louisiana, praising the R. F. C. for saving that little bank. Mr. Eugene Meyer told a critical Senate committee that 92 per cent of all loans had gone to cities under 10,000 population. In these statements the emphasis was put on the number of banks helped, not on the amount of money lent.

For instance, three weeks after the R. F. C. started to function the Comptroller of the Currency declared that \$24,000,000 had been lent to banks "scattered all over the country." The number of loans and the banks were indeed scattered. But the money was not. Twenty-one million out of the twenty-four million had gone to just two banks.

Two weeks later the White House issued a statement that the R. F. C. had lent \$61,000,000 to financial institutions, "including 255 banks, mostly small country banks." But of that \$61,000,000 over \$41,000,000 had gone to just three banks.

On the very day when the President gave out the telegram acknowledging the salvation of the little Abbeville bank the R. F. C. made an unmentioned loan of \$25,000,000 to one big city bank.

In April Congress became restless and curious. When the R. F. C. lent money to a railroad to pay a note to J. P. Morgan & Co. there was a threat of investigation. Once again the President produced the inevitable statement. He said:

"The banks and trust companies receiving the loans totalling \$126,000,000 are located in 45 States. The great majority of these loans are to smaller communities. Less than \$3,500,000 has been authorized in cities of over a million population; more than \$116,000,000 has been authorized in towns under 600,000."

At that time over half the money lent had been lent to just three big banks. The statement, moreover, was so phrased as to impose on the casualness of the ordinary reader. You can call a hundred-million-dollar bank in a city of 500,000 a little bank in a little city, but it will still be a big bank in a big city. Minneapolis, Milwaukee, New Orleans are big cities, though they are under 600,000. The climax was reached when at the end of July the corporation announced that it had helped 3,600 banks and that only a little over 4 per cent of them were in cities of over 200,000 population.

Can anyone doubt that the effect of these statements was to conceal the facts and to create the impression that no big banks were being aided; that, as the President said, "They were able to take care of themselves"? If it was proper to aid them, why not say so?

Here is what actually happened: The R. F. C., in those five months, authorized \$642,000,000 in loans to 3,600 banks. But \$261,000,000 of this sum, or over 40 per cent, went to banks in just seven large cities.

Chicago alone got \$109,000,000, or 17 per cent of all loans.

San Francisco got \$65,000,000, or over 10 per cent of the whole amount lent.

Cleveland got \$27,000,000, lent to three banks.

The President, perhaps, would call Akron, Ohio, a little town. It has 255,000 people and a big bank. One bank in Akron got loans aggregating \$18,000,000.

The loans referred to here were in just seven large cities. There were more than 230 other loans to big and little banks in cities of over half a million population which consumed more than half of all the funds laid out.

II

On June 7, 1932, Charles G. Dawes announced that his work as head of the R. F. C. was finished. His letter of resignation was a masterpiece. The Budget was balanced, the country moves toward recovery, he observed. He desired to reenter the banking business in Chicago. "It has been a privilege," he added, "to participate in the earlier stages of the organization of the corporation and its



work." But Mr. Dawes was now about to do some real participating. Less than three weeks later the R. F. C. authorized a loan to his bank of \$90,000,000.

The President has recently revealed that Dawes resigned not because his work was finished, but in order to look after his bank. Other stories have it that Dawes asked for no money from the R. F. C., but that the request came from other bankers in Chicago. As nearly as I can make out, that is true. But the size of the loan was, nevertheless, remarkable. It was given as \$80,000,000 in reports which leaked out at the time. How much Dawes actually got, I do not know. But the loan authorized was \$90,000,000, which covered almost the entire deposits of the bank, which were only \$95,000,000.

The President has defended this loan on the ground that the fate of 725 country banks were at stake and, through them, the fate of 21,000 other banks. The defense, however, fails to give an adequate answer to a pertinent question. What, may we not ask, was Dawes doing on the Reconstruction Finance Corporation?

Some parts of the Dawes loan story have leaked into the newspapers. Here are a few stories that have not leaked out. On February 15 Mr. Amadeo Giannini won a bitter battle in Wilmington to regain from Elisha Walker his old control of that famous Delaware corporation, the Transamerica Corporation. The Transamerica Corporation is one of those holding companies which controlled a vast tangle of banks, insurance companies, realty concerns, utility enterprises, security and investment companies, and what not. Its chief prize was the Bank of America in California. The story of Giannini's victory was, of course, in all the newspapers. What was not in the newspapers, however, was the fact that on that very day the R. F. C. authorized the lending to the Bank of America of \$15,000,000. Nor has the public ever been told that before the Reconstruction Finance Corporation got through lading out money to this bank it authorized a series of loans—one a month—aggregating \$65,000,000.

These two loans authorized to Dawes and Giannini totaled \$155,000,000. Certainly no citizen could have guessed that such vast public sums were made available to just two banks from the President's pronouncements about helping little banks and not big ones.

But there is a good deal more. A loan of \$14,000,000 was authorized to the Union Trust Co. in Cleveland. Interest in this loan rises when we are told that the chairman of the board of this bank, up to June 16 of this year, was Mr. Joseph R. Nutt, treasurer of the Republican National Committee.

Much curious comment attended the naming of the Hon. Atlee Pomerene as head of the Reconstruction Finance Corporation to succeed Gen. Charles Ninety-Million Dawes. The honorable Atlee is a noble Roman of true senatorial exterior, a measure of whose statesmanship may be deduced from his pronouncement after taking the reins which had fallen from the hands of Dawes. "If I were a Mussolini in this country," he thundered, "I would compel every merchant in the land to increase his purchase now by 33 per cent." Why the Democrat Pomerene was chosen, however, was never wholly made clear. But he was, in truth, the ideal Democrat for the job. A loan of \$12,272,000 was authorized to the Guardian Trust Co., of Cleveland, the honorable Atlee's home town. And Atlee Pomerene was a director of that bank.

There were others. In Baltimore the Baltimore Trust Co., of which that Republican stalwart, Senator PHILLIPS L. GOLDSBOROUGH, was vice chairman, was authorized to receive \$7,402,345 in April.

In Detroit the Union Guardian Trust Co., of which Mr. Roy D. Chapin, now Secretary of Commerce, was a director, was authorized to receive a loan of \$12,983,000.

In Akron—one of Mr. Hoover's "little" towns—the First Central Trust Co., of which Mr. Harry Williams was chairman and Mr. Harvey S. Firestone, jr., a director, was authorized to receive \$19,000,000.

Among insurance companies very little help was needed or given to life-insurance companies. A large loan, however, was made to a casualty insurance company, one which signs bonds, etc. It was authorized to receive \$8,880,000, and among its directors are such worthy objects of Government aid as Percy Rockefeller, Elisha Walker, Sidney Z. Mitchell, Charles Hayden, W. A. Harri-man, Robert Goelet, George B. Cortelyou. It is worth observing that at almost the moment this company was seeking millions from the Government one of its directors at least was answering to a Senate committee for his bear operations in Wall Street.

One large fire-insurance company got a cut of \$7,000,000—the Globe & Rutgers Fire Insurance Co. The head of this company, E. C. Jameson, will be remembered as the big-hearted patriot who handed out \$88,000 to Bishop Cannon in 1928 to carry Virginia for Hoover and the Lord.

Is it not worth a passing thought that almost all of the big banks which had to seek help were under the dominion of those political financiers who clustered round the throne and who coyly admit that they are the architects of our prosperity?

III

There is a reason of commanding importance why these loans should have been made public. We have a right to know something of our economic situation. We are going to have to deal with it. We can not deal with it if the facts are deliberately concealed from us. One of our most perplexing problems is that of our banks. Mr. Mills has told us that the shock of England going off the gold standard closed a thousand banks in this country in three months. He has not told us why that shock, which has knocked a thousand of our banks into a cocked hat, failed to

close one in England herself. There must be some difference in the banks. What is it? The President and his Comptroller of the Currency have preached that the trouble had been in the small, weak, unit banks. They have urged branch banking. The comptroller has regaled us with endless statistics of the failures of small banks.

But what of the weaknesses among the big banks? Are these to be systematically concealed? Branch banking is, I am disposed to think, sound enough. But there is another kind of banking, called group banking, which might be called holding-company banking. Branch banking with holding-company control, such as we have already witnessed in our utility business, would be a curse. There is also the vicious practice of bank affiliates. How many of these big banks which have had to yell for help were holding-company controlled or were using the dangerous investment and security affiliate practice? Almost all of them. Why did they need this money? What weakened their structure? What had their holding-company control or their security affiliates to do with it? These are questions which Congress, which must deal with our disgraceful banking condition, ought to ask. How disgraceful that banking situation is may be gleaned from the amazing boast of the Hon. Atlee Pomerene to the effect that during the first six months of the R. F. C. only 600 banks had failed. It might be added that during the 10 months of the activities of the R. F. C. some 1,100 have failed.

IV

The big New York banks and investment bankers are noticeably absent from this list of beneficiaries. But they were not forgotten. Like the overcoat in the salesman's expense account, they are there but you can not see them. They are to be found in the loans made to the railroads.

These loans to railroads were made on the theory that railroad securities were held in great amounts by insurance companies and savings banks, and that if the roads defaulted in the interest or maturity payments on their bonds, receiverships would be inevitable and the loss would fall on these insurance policyholders and savings depositors. A look at what happened, however, reveals some amazing performances.

Up to September 30 the R. F. C. loaned to the carriers \$264,366,933. I have not been able to trace the purposes of all these loans. But I have been able to examine 70 per cent of them. What follows therefore applies not to all the railroad loans but to \$187,000,000 of them.

Of this amount, \$36,451,000 was lent for improvements, such as the \$27,000,000 to the Pennsylvania Railroad for electrification. These are defended on the ground of making work, and may be passed over. This leaves, in round numbers, loans amounting to \$150,000,000 to railroads to enable them to pay debts.

In March a loan of \$5,750,000 to the Missouri Pacific to pay a note due J. P. Morgan & Co. came to light and produced a mild sensation. The Missouri Pacific is one of the numerous possessions of the Van Sweringens. It is controlled through a series of holding companies resembling the Insull structure—a device which has been roundly condemned by the Interstate Commerce Commission. As a matter of fact, the Morgan firm, as bankers of the Van Sweringens, are in the closest communion with the Cleveland promoters. The use of public money to enable the Van Sweringen road to pay money due the Morgans seemed to have little to do with "overcoming the crisis," as the President loves to call his program. But this was not the only loan to railroads to enable them to pay off investment bankers and large New York institutions. The Van Sweringens themselves got another \$6,000,000 to pay off bank loans on another one of their roads—the Nickel Plate. This was in February, and they were back again in September for another \$5,000,000 for the same purpose. The Baltimore & Ohio got at one time \$9,000,000, to be used to pay \$8,000,000 to Kuhn, Loeb (bankers), \$500,000 to the Chase National (one of whose directors sat on the R. F. C.), \$250,000 to the Central Hanover Bank, and \$250,000 to the First National Bank, all in New York.

There was plenty of this. In fact, I have accounted for 19 such advances, amounting to \$44,000,000 made to railroads to pay off bank loans.

Congress ought to explore the character of the pressure which was brought to bear upon the Interstate Commerce Commission to approve these loans. That most of them were made reluctantly is beyond question. That the President constantly interfered to put pressure upon both the commission and the R. F. C. itself there can be no doubt. His announcement of Dawes's selection as president of the R. F. C. before the members—charged with electing their president—were named; his open boast in the last days of the campaign of the huge loans made for California projects—all call for examination in detail. In the case of these bank loans Eugene Meyer, representing the President, went to the commission and pressed the loans, declaring they were part of the recovery plan, to put more money into the banks, so that after a while they would have so much "it would burn a hole in their pockets" and they would begin to lend it out. The futility of this plan must now be quite apparent to everyone.

Another \$24,000,000 was lent to railroads for a strange miscellaneous collection of purposes—to pay bills, meet pay rolls, pay rent on real estate, complete payments on real estate, supply cash for the drawer, and, worst of all, to enable the roads to pay rent on both real estate and on leased roads. The New York Central, for instance, got more than \$5,000,000 for this purpose. One corporation owning a railroad sometimes leases it out to



another railroad corporation. The latter pays rent for the use of the road. The rent is usually a large enough sum to pay the leasing corporation a profit or dividend on its investment. When the R. F. C. lent money to one railroad to pay rentals to another railroad, it was in effect using public funds to pay dividends to railroad stockholders. A more indefensible action could hardly be imagined.

Out of the whole sum we have traced, therefore, only \$69,000,000 (in round numbers) was lent to railroads to pay interest or maturities on bonds held by insurance companies and savings banks. Certainly these loans could exercise no influence on the duration of the depression except to prolong it. A depression is a phenomenon which appears when the income of the population, always insufficient to buy what is produced, becomes so heavily saddled with debt charges that its use as purchasing power is mortally reduced. When this happens two things must follow: First, prices must come down to bring goods closer to the size of the available income. Second, income itself must be freed from purchasing by the extinguishment of excessive debts. Whether we like it or not, this is what takes place. Any attempt to hold up prices or to save the weaker debts necessarily prolongs the depression. One thing alone can help to check the crumbling of the poorer debts. That is to increase income. The Government can do but one thing toward that end. It can create income by launching extensive public works. Whether it should do this or not is a question about which men are divided. I take no position on that here. But if this cure is discarded, then the Government must confess itself impotent. Certainly it can do nothing by merely shifting debts around.

Let us apply this to the railroads. Most of the actual capital invested in the roads is in the form of bonds or preferred stocks. Fifty-four per cent of their capital is in bonds, as against only 16 per cent in the case of industrial corporations. This means that in good times or bad, whether there are profits or not, the railroads must continue to pay profits on 54 per cent of their capital. The purchasing power of the railroads is hopelessly paralyzed by debt. This situation must be corrected. And certainly in the case of many of these roads there is no method of correction open save through receiverships. The quicker the correction comes, the quicker the regeneration of the road will come. This the R. F. C. has wholly ignored as part of its depression surgery. Many roads are hopelessly saddled with impossible, rigid bond loads. Instead of permitting the correction of this fatal flaw to take its course, the R. F. C. has actually added to the bond load. The roads will come out of the depression in the matter of debt worse than they went in. In any case to use public funds, so desperately needed elsewhere, to pay profits to investors is an indefensible exertion of government.

Would it not have been more intelligent to permit at least some of the roads to go into receiverships and submit to the inevitable curative processes? Some are heading that way anyhow. Two of those aided were already in receivers' hands. And another, the Frisco, since its "salvation" has gone that route. If the Government is going to start paying interest on bonds and the bonds themselves as they mature, there will be no end to it. The Baltimore & Ohio got \$32,000,000 in April and was back again in August for another \$31,625,000. The Nickel Plate had to borrow \$9,300,000 in February. It showed up for another \$6,000,000 in September. The Chicago & Northwestern got \$1,910,000 in February, nearly \$5,000,000 in April, and was around for another \$12,000,000 later.

As to saving life insurance companies, there is good reason to believe that this is one of those convenient reasons which men know so well how to invent. No evidence has been offered to show that these loans would save any insurance policyholders from loss. Take a single case. The Pere Marquette got \$3,000,000 to pay equipment trust certificates of the Lake Erie & Detroit. There is no evidence that the whole Marquette system would have gone into receivership if this loan of the Lake Erie had not been met. But if it had and all of the Marquette bonds had declined, what would have been the loss to life insurance companies? This road had outstanding \$77,000,000 in bonds. Of this, \$20,000,000 was in the hands of life insurance companies. But the value of these bonds at the time of the "rescue" was about \$7,500,000. A receivership would not have reduced their value much more. But suppose it had wiped out these bonds completely. These securities were distributed among about 50 companies. Just nine of these companies have reserves of over \$9,000,000,000. A loss of the entire investment would have meant a loss of less than one-fiftieth of 1 per cent based on existing market value.

In another case a loan of over a million dollars was made to one of Mr. Insull's numerous playthings—the Chicago, North Shore & Milwaukee Railroad. This road had outstanding \$2,000,000 in bonded indebtedness. But only \$732,000 of this was held by insurance companies, and 54 per cent of this was owned by a company in Canada.

The simple truth is that the credit of the railroad companies has been ruthlessly exploited during these last 10 years to provide funds for the acquisition of stocks in other roads at exorbitant prices in the mad scramble of a few promoters to get control of various systems. Now, these holdings and the control over their little empires of these clever gentlemen are threatened. And the credit of the Government of the United States is being mobilized to save them.

Out of \$264,000,000 loaned to railroads by the R. F. C. \$156,000,000 has been advanced to the roads controlled by three

groups—the Morgans, the Van Sweringens, and the Pennsylvania Railroad. Some explanation will certainly have to be made sooner or later of this amazing performance.

Mr. CONNALLY subsequently said:

Mr. President, I was not in the Chamber this morning when the distinguished Senator from Nebraska [Mr. Norris] addressed the Senate on the Reconstruction Finance Corporation. I voted against the creation of the Reconstruction Finance Corporation, but in the interest of fairness I desire to ask to have printed in the RECORD a copy of an address by Hon. Jesse H. Jones, a distinguished member of that corporation from my State, entitled "Work of the Reconstruction Finance Corporation."

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

#### WORK OF THE RECONSTRUCTION CORPORATION

(Speech of Hon. Jesse H. Jones, director Reconstruction Finance Corporation in the National Radio Forum, Washington, D. C., Monday night, August 29, 1932)

The Reconstruction Finance Corporation was created by an act of Congress in January of this year.

It is nonpartisan, the management being vested in a board of seven directors consisting of the Secretary of the Treasury, who is an ex officio member, and six other persons appointed by the President of the United States by and with the advice and consent of the Senate.

Originally the governor of the Federal Reserve Board and the farm-loan commissioner were also ex officio members, but Congress amended the act, eliminating these two.

The directors took the oath of office on February 2 and started work.

The first order of business was the creation of a nation-wide organization to make loans to meet emergencies. In addition to the general office in Washington the corporation has 32 agencies or branches throughout the United States.

In passing the act Congress named the Federal reserve banks as fiscal agents of the corporation. This was a wise provision for the reason that it made available to the Reconstruction Finance Corporation the facilities of the Federal reserve banks, which are custodians of all notes, collateral, and securities on which the corporation lends money, and the funds are all disbursed and repaid at and through these Federal reserve banks.

In most cases the Reconstruction Finance Corporation pays nominal rent to these Federal reserve banks. Also, it has the benefit of the private wire service of the Federal reserve system. This wire service and these facilities enable the corporation to act with more dispatch in meeting emergency situations than otherwise would be possible.

While there is no affiliation or joint management between the Reconstruction Finance Corporation and the Federal reserve banks, this provision of Congress has proven extremely helpful to the corporation, as well as a source of economy to the Government.

Each branch of the Reconstruction Finance Corporation is in charge of a manager, employed and paid by the corporation. In every instance the manager is aided by a local advisory committee composed of bankers and business men in the particular locality. These committeemen are named by the directors of the Reconstruction Finance Corporation and serve without compensation.

All loans to banks, insurance companies, mortgage-loan companies, agricultural-credit corporations, livestock associations, building and loan associations, and joint-stock land banks are made at the agencies, and the collateral is held there and the money disbursed and repaid there. Loans to railroads, the farm-loan banks, and Federal intermediate-credit banks are made at Washington.

Applications for loans are made at these branches; and after the manager and his advisory committee make a thorough examination of the collateral offered and the purposes of the loan, the application is sent to Washington with a full description of the collateral, together with an explanation concerning the reasons for the loan, the public interest involved, etc.

At Washington the application is reexamined by a special examiner and a review committee. This examiner and the committee, acting separately, review all of the facts pertaining to the loan and make their recommendations to the directors of the corporation, so the application comes to the board with the recommendation of the local manager and the local advisory committee of a special examiner at Washington and a review committee at Washington, and is allowed or disallowed by the board. In this way the directors are able to act with a fair degree of intelligence, both as to the collateral offered and the public interest involved.

All applications for loans must be approved by the legal department before the proceeds are disbursed, and, of course, all loans must be fully and adequately secured. This is a provision of the law and not one of policy adopted by the board.

While loans are granted for a specified time, they may be repaid at the convenience of the borrower with interest to date of payment. No advance interest is collected.

It is the purpose of the corporation and the genuine desire of the directors to provide credit, as far as it may do so under the act, where credit is needed; where a good purpose can be served, men put to work and business and trade stimulated; the objective being to aid in reconstructing not only the general economic con-



ditions of the country, but, as far as possible, the state of mind of those who are in need of credit.

In my opinion, there has been too much reluctance on the part of banks, trust companies, insurance companies, etc., to borrow for the purpose of relending, not alone from the Reconstruction Finance Corporation but from any source. Most banks have been endeavoring to get as liquid as possible, some of them too much so for the general good. Financial institutions live by lending money and while it is not my intention to criticize banking institutions or other money-lending agencies for a too conservative policy, Congress created this great corporation to enable them to help those who need to borrow.

Just before adjournment Congress broadened the activities of the corporation so that more people and more institutions could get credit and relief through it; and while we are not permitted to lend directly to individuals or private corporations except those specified in the act, we are making credit available to many institutions that in turn can lend to individuals and industry in general.

I should like to say something about the personnel—the men who are directing the affairs of the corporation.

The board of directors as now constituted includes Mr. Ogden Mills, Secretary of the Treasury, and, in his absence, Mr. Arthur A. Ballantine, Under Secretary of the Treasury; former Senator Atlee Pomerene, of Ohio, chairman; Mr. Charles A. Miller, of New York, president; Mr. Gardner Cowles, of Des Moines, Iowa; Mr. Harvey Couch, of Arkansas; Mr. Wilson McCarthy, of Salt Lake City; and myself.

The board is very well diversified, geographically, politically, in professions, in experience, and in temperament.

The managing force is composed of bankers and bank examiners, drawn from both national and State banking; men experienced in livestock, agriculture, and building and loan lending; railroad experts, attorneys, and accountants. They have been selected because of their experience and their qualifications to fill the places they occupy, and they are fairly representative of the best men in their various lines.

For the managing force I would say that, in 40 years of business experience, I have never seen a body of men more patriotic, more tireless in their efforts, or more intent upon rendering a real service, and this applies with equal force to our agencies and advisory committeemen.

For many weeks in the beginning the Washington force worked an average of probably 18 hours a day, and even now it is frequently necessary for them to work Sundays and nights.

I can say for the directors that they recognize the enormity of the problem placed with them, their great responsibility and the almost limitless opportunity to render a very great service to the country. They appreciate that in their hands has been placed the lending of more than three and a half billion dollars—the largest governmental peace-time undertaking in the history of the world.

Directors' meetings are held daily, sometimes more than one, and sometimes lasting almost the entire day. Not infrequently meetings are held on Sunday and at night.

There is nothing perfunctory about the actions of this corporation, either by the directors or by the managing force. Sufficient time is given to every application and every problem presented to the corporation so that all phases and all bearings may be fairly understood and, as far as possible, a proper decision reached.

I shall not undertake to discuss the causes leading up to the creation of this great corporation. Suffice to say that without it, in my opinion, there would have been a complete collapse of all trade and industry and finance, at least for a time. And while it is admitted that conditions have been almost unbearable, it is probably a fact that we just barely escaped a general moratorium. Not that there was any justifiable reason for a collapse but because of an unaccountable fear that seemed to penetrate every nook and corner of the world. Particularly fear that we would be forced off the gold standard, and this led to currency hoarding and gold hoarding to an alarming extent, and to foreign balances being withdrawn in gold.

I am glad to say, however, that this fear, this expecting something terrible to happen the next day or the next hour, is passed, and our people in all walks and all sections are now looking back upon those terrible days as history—and forward to better times.

But back to the more intimate phases of the Reconstruction Finance Corporation which I want to discuss.

Lending \$3,500,000,000 and more is no light task if it is to be loaned as the law requires, upon adequate security and as authorized by Congress.

Speaking of Congress, I want here to state that, in my opinion, no body of men ever faced a more difficult situation, or more conscientiously felt their responsibility to a distressed country, than did the Seventy-second Congress. You might not have agreed with them, or with all that they did. You might have been impatient and critical; but faced with the problems and conditions that the Members of this Congress were faced with, torn by their very heartstrings with appeals, condemnations, demands, and what-not, you probably would not have done as well as they did.

The corporation was created to provide emergency financing for agriculture, commerce, and industry. As originally created, the corporation could lend to banks, savings banks, trust companies, building and loan associations, insurance companies, railroads, mortgage-loan companies, Federal land banks, joint-stock land banks, Federal intermediate-credit banks, credit unions, agricultural-credit corporations, livestock-credit corporations.

As amended, the base of the corporation was broadened so that we could lend to public and private agencies for self-liquidating

projects, such as bridges, waterworks, tunnels, canals, markets, etc., and for carrying and the orderly marketing of agricultural commodities and livestock.

To better enable the corporation to function in the latter respect Congress authorized the Reconstruction Finance Corporation to create regional agricultural-credit corporations, as many as 12 in number—one in each Federal land-bank district. Each of these corporations is to have a capital stock of not less than \$3,000,000, furnished and owned by the Reconstruction Finance Corporation, and may lend to individual farmers and stockmen for agricultural purposes, crop production, raising, breeding, fattening, and marketing of livestock, and agricultural products.

By making available ample credit for these purposes and to these classes of our citizenship, commodities of all kinds, including livestock, should soon recover to at least a fair and living price. I am glad to say that substantial advances have already been made.

These agricultural-credit corporations may, with the approval of the Reconstruction Finance Corporation, rediscount their loans with the Reconstruction Finance Corporation, or with the Federal reserve bank and Federal intermediate-credit banks, thus affording an almost limitless supply of credit to our farmers and stockmen.

The act provides that all loans of this character, and, in fact, all loans, must be fully and adequately secured; and it will not be the intention of the directors to make loans at inflated values, but rather at fair values, and to enable our farmers and stockmen to carry their farm products and livestock for a reasonable time, and to market in an orderly fashion.

These loans, as all others by the corporation, may be for a period not exceeding three years, though, if necessary, the corporation has the power to extend from time to time to a total of five years.

Congress undoubtedly had in mind that within a period of three years—five at the most—there should be such recovery and return to normal conditions as to make the lending by this governmental agency—the Reconstruction Finance Corporation—no longer necessary. And, in that respect, it is my firm belief the Congress was right.

Another very wise provision by the Congress that runs all through the act is that no fee or commission shall be paid by any applicant for a loan; and the agreement to pay, or the payment of any such fee or commission, is unlawful.

A phase of the work now before the directors that is occupying a great deal of their attention is the setting up of these regional agricultural-credit corporations and machinery for the proper consideration and appraising of the self-liquidating loans.

Locations for most of the regional agricultural-credit corporations have been selected, and the personnel is now being chosen. Effort is being made to get these banks functioning as early as possible, in order that we may take care of feeder loans this fall and provide funds for feeding and marketing cattle, sheep, and hogs.

It has long since been proven that a very excellent way to market grain is to feed the grain to livestock. A fat animal brings a much better price per pound, and, of course, weighs a great deal more than a lean one.

Feeder loans in normal times are very much in demand by the banks; but it seems desirable, if not actually necessary now, to augment the usual supply of this character of credit. These agricultural-credit corporations will also lend for carrying and marketing farm products and for crop production.

The self-liquidating loans were included by Congress in order to provide employment, especially during the coming fall and winter, that otherwise would not be available. It is not possible, during these unnatural times, to finance the construction, replacement, or improvement of bridges, tunnels, waterworks, canals, markets, and such other things as are included in this classification in the usual way; and so the Reconstruction Finance Corporation was authorized to make such loans, or to buy bonds from States, municipalities, and political subdivisions of States for these purposes.

The directors of the corporation have been fortunate in securing the services of five of the most outstanding engineers of the country to aid them in handling these particular problems. These engineers are Prof. C. D. Marx, Stanford University; Maj. Gen. Lytle Brown, Chief of Engineers, United States Army; John Lyle Harrington, of Kansas City; John Francis Coleman, New Orleans; and John Herbert Gregory, Johns Hopkins University. These men bring to the corporation a wide and extensive knowledge of engineering, and with their aid we should be able to handle these self-liquidating projects in a fairly satisfactory manner.

You may be interested to know that applications are now coming in for this character of activity running into the hundreds of millions of dollars. Congress provided \$1,500,000,000 extra capital for the corporation when it broadened the base to include these projects.

As most of you are already aware, the corporation is authorized to make available to States and Territories for relief and work-relief funds to the extent of \$300,000,000. These funds are to be advanced at 3 per cent interest and, if not otherwise repaid, will be deducted from that State's allotment of Federal highway aid after 1935 at the annual rate of one-fifth of such annual allotment until the amount so advanced, together with interest, has been repaid. This \$300,000,000 is to be made available for relief when and where, in the opinion of the directors of the corporation, it is most needed.

Illinois has already received \$9,000,000 from this fund because of the very great unemployment situation, particularly in Chicago,



where approximately 600,000 people are dependent upon the public for all or part sustenance.

Funds have been advanced to Michigan for the city of Detroit; to Louisiana for several parishes; to Wisconsin, Ohio, North and South Dakota, and applications are coming in from a great many other States.

It will not be the disposition of the directors of the Reconstruction Finance Corporation to furnish aid from this fund to take the place of local aid, or aid that can be provided by the States or municipalities or by private subscriptions, but rather to supplement such local aid, and those States and municipalities and localities which have first helped themselves by voluntary or other methods will receive the most willing consideration by the board.

If we should grant in full all of the requests received for aid from this fund, the \$300,000,000 would not last very long; and so it is the hope of the directors that public officials and others charged with relief activities will bear these facts in mind and be prepared to share with the Government the responsibility of providing food, clothing, and shelter for the needy during the coming winter.

Up to August 27, 7,400 loans have been approved to 5,545 institutions, some having been granted more than one loan. These loans aggregate \$1,336,211,000, or approximately \$7,500,000 a day. Of this amount \$780,968,000 was authorized to 4,286 banks and trust companies; \$38,960,000 was used in the reorganization or liquidation of 387 banks; \$79,476,000 was authorized to 633 building and loan associations; \$71,423,000 to 79 insurance companies; \$81,811,000 to 67 mortgage-loan companies; \$1,269,000 to 10 agricultural-credit corporations; \$10,488,000 to 17 livestock-credit corporations; \$1,420,000 to 5 joint-stock land banks; \$29,000,000 to 9 Federal land banks; \$405,000 to 3 credit unions; \$240,989,000 to 49 railroads, including 6 roads in receivership.

Of the \$1,336,211,000 loans authorized, \$1,108,503,000 had been disbursed on August 25 and \$144,460,000 had been repaid.

In addition to the foregoing, we have authorized \$50,000,000 for cotton-cooperative and cotton-stabilization corporations to enable them to hold their cotton until 1933.

The above figures do not include more than 507,000 individual seed loans to farmers, aggregating more than \$64,000,000, made through the Secretary of Agriculture.

The great majority of banks that have borrowed from the corporation are located in the small towns and cities, approximately 69.7 per cent of loans to banks being in towns of less than 5,000 population, 89.6 per cent in towns and cities of less than 50,000 population. Approximately 23 per cent of all banks in the country have borrowed from the Reconstruction Finance Corporation, directly helping and affecting probably 10,000,000 depositors and borrowers, and indirectly many, many more.

Approximately 18 per cent of our loans have been granted to railroads. Congress authorized the corporation to make loans to railroads for specific purposes, the payment of interest, taxes, maturities, etc., when such loans are approved, including the security offered, by the Interstate Commerce Commission.

Undoubtedly these railroad loans have, in some instances, prevented receivership and have had a very decided and helpful effect on the value of railroad securities.

A great many railroad bonds are owned by insurance companies, savings banks, and other so-called trust investments; and in avoiding railroad receiverships the corporation has contributed substantially to these trust investments. While trains continue to operate when roads go into receivership, there is, nevertheless, a very great demoralization, a laying off of men, and a cessation of the purchase of supplies when receiverships occur. It is also a fact that the railroads are the greatest employers of labor in our national life. These are undoubtedly some of the reasons why Congress authorized the corporation to make railroad loans.

Never in history have life-insurance companies been required to make so many policy loans; and in order to make these policy loans they were forced either to call their own loans and thereby bring hardship to their borrowers, or to sell securities at a sacrifice price or to borrow money. Many have borrowed money from the Reconstruction Finance Corporation and from banks and, in doing so, have rendered a real service to their policyholders and borrowers.

In recent weeks there has been much discussion and talk about the publication of loans granted by the corporation.

There is a very wide and positive difference of opinion as to whether or not loans by the corporation should be made public. In amending the act Congress inserted the provision that the corporation should make monthly reports of all loans granted the previous month. These reports are made "to the President of the United States, the Senate, and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives if those bodies are not in session)." The act does not specifically provide that loans should be published; but the Clerk of the House of Representatives construed the law to mean that he should make the entire report available to the public, and the first list of loans was published August 22.

Since the publication of these loans we are receiving many protests and appeals from borrowers that their loans not be published. There is a very real fear that if their loans are published they will suffer a loss of confidence on the part of their patrons and the public. In view of the tragedy and disaster through which we have been passing, this fear is easily understood and is perhaps well founded in some instances; but, on the other hand, actual bank runs have been stopped by the widest publicity of the fact that the Reconstruction Finance Corporation had come

to the rescue of the bank, as in Chicago, for instance, where it was necessary for the corporation to make a very large loan on short notice to avoid a nation-wide disaster. Several other similar situations but not so large have been effectively met by the corporation, where wide publicity was given.

The necessity of a bank borrowing money, or the mere fact that it does borrow money, is no indication that it is in a weakened condition. Banks should borrow money when it is necessary for them to do so in order to extend credit to their customers and to the people of their communities and otherwise perform the functions for which they are in business.

The directors of the Reconstruction Finance Corporation want all money-lending agencies who are qualified to borrow from it and who have good security to offer to borrow money and relend it, all with a view to relieving distress, furnishing employment, and stimulating business and trade. This applies particularly to banks, trust companies, insurance companies, mortgage companies, farm-loan banks, Federal intermediate-credit banks, livestock associations, agricultural-credit corporations, and the like.

By providing an abundance of credit to and through such of these qualified borrowers as have good security to pledge, a return to normal living and normal spending and normal business will sooner be accomplished; and it should also and always be remembered that it is the money borrower who gives employment, buys supplies, and otherwise contributes to business activity.

Many borrowers, and some members of our advisory committees at the agencies, have felt that the directors are not as liberal in the matter of collateral as they might be in extending credit; but when it is considered that we are lending money at 32 different agencies throughout the United States on almost every form of collateral, care must be taken if the taxpayers are not to be burdened with a heavy loss.

In conclusion let me say that it is my firm belief that by judicious handling of this vast amount of money and credit placed at the disposal of the Reconstruction Finance Corporation—taken in connection with the rehabilitation program of both governmental and private initiative—business can be got under way, employment started, and an exceedingly tragic era ended.

#### PHILIPPINE INDEPENDENCE—CONFERENCE REPORT

Mr. BINGHAM. I submit a conference report on the Philippine independence bill, and I ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The conference report will be received. The Senator from Connecticut asks unanimous consent for its immediate consideration. The report will be read for the information of the Senate.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

#### "CONVENTION TO FRAME CONSTITUTION FOR PHILIPPINE ISLANDS"

"SECTION 1. The Philippine Legislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capital of the Philippine Islands, at such time as the Philippine Legislature may fix, within one year after the enactment of this act, to formulate and draft a constitution for the government of the Commonwealth of the Philippine Islands, subject to the conditions and qualifications prescribed in this act, which shall exercise jurisdiction over all the territory ceded to the United States by the treaty of peace concluded between the United States and Spain on the 10th day of December, 1898, the boundaries of which are set forth in Article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November, 1900. The Philippine Legislature shall provide for the necessary expenses of such convention.

#### "CHARACTER OF CONSTITUTION—MANDATORY PROVISIONS"

"SEC. 2. The constitution formulated and drafted shall be republican in form, shall contain a bill of rights, and shall, either as a part thereof or in an ordinance appended thereto,



contain provisions to the effect that, pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands—

"(a) All citizens of the Philippine Islands shall owe allegiance to the United States.

"(b) Every officer of the government of the Commonwealth of the Philippine Islands shall, before entering upon the discharge of his duties, take and subscribe an oath of office, declaring, among other things, that he recognizes and accepts the supreme authority of and will maintain true faith and allegiance to the United States.

"(c) Absolute toleration of religious sentiment shall be secured and no inhabitant or religious organization shall be molested in person or property on account of religious belief or mode of worship.

"(d) Property owned by the United States, cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

"(e) Trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 6.

"(f) The public debt of the Philippine Islands and its subordinate branches shall not exceed limits now or hereafter fixed by the Congress of the United States; and no loans shall be contracted in foreign countries without the approval of the President of the United States.

"(g) The debts, liabilities, and obligations of the present Philippine government, its Provinces, municipalities, and instrumentalities, valid and subsisting at the time of the adoption of the constitution, shall be assumed and paid by the new government.

"(h) Provision shall be made for the establishment and maintenance of an adequate system of public schools, primarily conducted in the English language.

"(i) Acts affecting currency, coinage, imports, exports, and immigration shall not become law until approved by the President of the United States.

"(j) Foreign affairs shall be under the direct supervision and control of the United States.

"(k) All acts passed by the Legislature of the Commonwealth of the Philippine Islands shall be reported to the Congress of the United States.

"(l) The Philippine Islands recognizes the right of the United States to expropriate property for public uses, to maintain military and other reservations and armed forces in the Philippines, and, upon order of the President, to call into the service of such armed forces all military forces organized by the Philippine government.

"(m) The decisions of the courts of the Commonwealth of the Philippine Islands shall be subject to review by the Supreme Court of the United States as provided in paragraph (6) of section 7.

"(n) The United States may by presidential proclamation exercise the right to intervene for the preservation of the government of the Commonwealth of the Philippine Islands and for the maintenance of the government as provided in the constitution thereof, and for the protection of life, property, and individual liberty and for the discharge of government obligations under and in accordance with the provisions of the constitution.

"(o) The authority of the United States High Commissioner to the government of the Commonwealth of the Philippine Islands, as provided in this act, shall be recognized.

"(p) Citizens and corporations of the United States shall enjoy in the Commonwealth of the Philippine Islands all the civil rights of the citizens and corporations, respectively, thereof.

#### "SUBMISSION OF CONSTITUTION TO THE PRESIDENT OF THE UNITED STATES

"SEC. 3. Upon the drafting and approval of the constitution by the constitutional convention in the Philippine Islands, the constitution shall be submitted within two years after the enactment of this act to the President of the United States, who shall determine whether or not it con-

forms with the provisions of this act. If the President finds that the proposed constitution conforms substantially with the provisions of this act he shall so certify to the Governor General of the Philippine Islands, who shall so advise the constitutional convention. If the President finds that the constitution does not conform with the provisions of this act he shall so advise the Governor General of the Philippine Islands, stating wherein in his judgment the constitution does not so conform and submitting provisions which, will, in his judgment, make the constitution so conform. The Governor General shall in turn submit such message to the constitutional convention for further action by them pursuant to the same procedure hereinbefore defined until the President and the constitutional convention are in agreement.

#### "SUBMISSION OF CONSTITUTION TO FILIPINO PEOPLE

"SEC. 4. After the President of the United States has certified that the constitution conforms with the provisions of this act, it shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within four months after the date of such certification, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution and ordinances appended thereto. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast, and a copy of said constitution and ordinances. If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression of the will of the people of the Philippine Islands in favor of Philippine independence, and the Governor General shall, within 30 days after receipt of the certification from the Philippine Legislature, issue a proclamation for the election of officers of the government of the Commonwealth of the Philippine Islands provided for in the constitution. The election shall take place not earlier than three months nor later than six months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results determined, the Governor General of the Philippine Islands shall certify the results of the election to the President of the United States, who shall thereupon issue a proclamation announcing the results of the election, and upon the issuance of such proclamation by the President the existing Philippine government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties, as provided under the constitution. The present government of the Philippine Islands shall provide for the orderly transfer of the functions of government.

"If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue without regard to the provisions of this act.

#### "TRANSFER OF PROPERTY AND RIGHTS TO PHILIPPINE COMMONWEALTH

"SEC. 5. All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this act, except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States, and except such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law, are hereby granted to the government of the Commonwealth of the Philippine Islands when constituted.

#### "RELATIONS WITH THE UNITED STATES PENDING COMPLETE INDEPENDENCE

"SEC. 6. After the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippine Islands shall be as now provided by law, subject to the following exceptions:



"(a) There shall be levied, collected, and paid on all refined sugars in excess of 50,000 long tons, and on unrefined sugars in excess of 800,000 long tons, coming into the United States from the Philippine Islands in any calendar year, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

"(b) There shall be levied, collected, and paid on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of 200,000 long tons, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

"(c) There shall be levied, collected, and paid on all yarn, twine, cord, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manila (abacá) or other hard fibers, coming into the United States from the Philippine Islands in any calendar year in excess of a collective total of 3,000,000 pounds of all such articles hereinbefore enumerated, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

"(d) In the event that in any year the limit in the case of any article which may be exported to the United States free of duty shall be reached by the Philippine Islands, the amount or quantity of such articles produced or manufactured in the Philippine Islands thereafter that may be so exported to the United States free of duty shall be allocated, under export permits issued by the government of the Commonwealth of the Philippine Islands, to the producers or manufacturers of such articles proportionately on the basis of their exportation to the United States in the preceding year; except that in the case of unrefined sugar the amount thereof to be exported annually to the United States free of duty shall be allocated to the sugar-producing mills of the islands proportionately on the basis of their average annual production for the calendar years 1931, 1932, and 1933, and the amount of sugar from each mill which may be so exported shall be allocated in each year between the mill and the planters on the basis of the proportion of sugar to which the mill and the planters are respectively entitled. The government of the Philippine Islands is authorized to adopt the necessary laws and regulations for putting into effect the allocation hereinbefore provided.

"(e) The government of the Commonwealth of the Philippine Islands shall impose and collect an export tax on all articles that may be exported to the United States from the Philippine Islands free of duty under the provisions of existing law as modified by the foregoing provisions of this section, including the articles enumerated in subdivisions (a), (b), and (c), within the limitations therein specified, as follows:

"(1) During the sixth year after the inauguration of the new government the export tax shall be 5 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

"(2) During the seventh year after the inauguration of the new government the export tax shall be 10 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

"(3) During the eighth year after the inauguration of the new government the export tax shall be 15 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

"(4) During the ninth year after the inauguration of the new government the export tax shall be 20 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

"(5) After the expiration of the ninth year after the inauguration of the new government the export tax shall

be 25 per cent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

"The government of the Commonwealth of the Philippine Islands shall place all funds received from such export taxes in a sinking fund, and such fund shall, in addition to other moneys available for that purpose, be applied solely to the payment of the principal and interest on the bonded indebtedness of the Philippine Islands, its Provinces, municipalities, and instrumentalities, until such indebtedness has been fully discharged.

"When used in this section in a geographical sense, the term 'United States' includes all Territories and possessions of the United States, except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

"SEC. 7. Until the final and complete withdrawal of American sovereignty over the Philippine Islands—

"(1) Every duly adopted amendment to the constitution of the government of the Commonwealth of the Philippine Islands shall be submitted to the President of the United States for approval. If the President approves the amendment or if the President fails to disapprove such amendment within six months from the time of its submission, the amendment shall take effect as a part of such constitution.

"(2) The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the government of the Commonwealth of the Philippine Islands, which in his judgment will result in a failure of the government of the Commonwealth of the Philippine Islands to fulfill its contracts, or to meet its bonded indebtedness and interest thereon or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States.

"(3) The chief executive of the Commonwealth of the Philippine Islands shall make an annual report to the President and Congress of the United States of the proceedings and operations of the government of the Commonwealth of the Philippine Islands and shall make such other reports as the President or Congress may request.

"(4) The President shall appoint, by and with the advice and consent of the Senate, a United States high commissioner to the government of the Commonwealth of the Philippine Islands who shall hold office at the pleasure of the President and until his successor is appointed and qualified. He shall be known as the United States high commissioner to the Philippine Islands. He shall be the representative of the President of the United States in the Philippine Islands and shall be recognized as such by the government of the Commonwealth of the Philippine Islands, by the commanding officers of the military forces of the United States, and by all civil officials of the United States in the Philippine Islands. He shall have access to all records of the government or any subdivision thereof, and shall be furnished by the chief executive of the Commonwealth of the Philippine Islands with such information as he shall request.

"If the government of the Commonwealth of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts, the United States high commissioner shall immediately report the facts to the President, who may thereupon direct the high commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. The United States high commissioner shall annually, and at such other times as the President may require, render an official report to the President and Congress of the United States. He shall perform such additional duties and functions as may be delegated to him from time to time by the President under the provisions of this act.



"The United States high commissioner shall receive the same compensation as is now received by the Governor General of the Philippine Islands, and shall have such staff and assistants as the President may deem advisable and as may be appropriated for by Congress, including a financial expert, who shall receive for submission to the high commissioner a duplicate copy of the reports of the insular auditor. Appeals from decisions of the insular auditor may be taken to the President of the United States. The salaries and expenses of the high commissioner and his staff and assistants shall be paid by the United States.

"The first United States high commissioner appointed under this act shall take office upon the inauguration of the new government of the Commonwealth of the Philippine Islands.

"(5) The government of the Commonwealth of the Philippine Islands shall provide for the selection of a resident commissioner to the United States, and shall fix his term of office. He shall be the representative of the government of the Commonwealth of the Philippine Islands and shall be entitled to official recognition as such by all departments upon presentation to the President of credentials signed by the chief executive of said government. He shall have a seat in the House of Representatives of the United States, with the right of debate, but without the right of voting. His salary and expenses shall be fixed and paid by the government of the Philippine Islands. Until a resident commissioner is selected and qualified under this section, existing law governing the appointment of resident commissioners from the Philippine Islands shall continue in effect.

"(6) Review by the Supreme Court of the United States of cases from the Philippine Islands shall be as now provided by law; and such review shall also extend to all cases involving the constitution of the Commonwealth of the Philippine Islands.

"Sec. 8. (a) Effective upon the acceptance of this act by concurrent resolution of the Philippine Legislature or by a convention called for that purpose, as provided in section 17—

"(1) For the purposes of the immigration act of 1917, the immigration act of 1924 (except section 13 (c)), this section, and all other laws of the United States relating to the immigration, exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a separate country and shall have for each fiscal year a quota of 50. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa, but such immigration shall be determined by the Department of the Interior on the basis of the needs of industries in the Territory of Hawaii.

"(2) Citizens of the Philippine Islands who are not citizens of the United States shall not be admitted to the continental United States from the Territory of Hawaii (whether entering such Territory before or after the effective date of this section) unless they belong to a class declared to be nonimmigrants by section 3 of the immigration act of 1924 or to a class declared to be nonquota immigrants under the provisions of section 4 of such act other than subdivision (c) thereof, or unless they were admitted to such Territory under an immigration visa. The Secretary of Labor shall by regulations provide a method for such exclusion and for the admission of such excepted classes.

"(3) Any Foreign Service officer may be assigned to duty in the Philippine Islands, under a commission as a consular officer, for such period as may be necessary and under such regulations as the Secretary of State may prescribe, during which assignment such officer shall be considered as stationed in a foreign country; but his powers and duties shall be confined to the performance of such of the official acts and notarial and other services, which such officer might properly perform in respect of the administration of the immigration laws if assigned to a foreign country as a con-

sular officer, as may be authorized by the Secretary of State.

"(4) For the purposes of sections 18 and 20 of the immigration act of 1917, as amended, the Philippine Islands shall be considered to be a foreign country.

"(b) The provisions of this section are in addition to the provisions of the immigration laws now in force, and shall be enforced as a part of such laws, and all the penal or other provisions of such laws, not inapplicable, shall apply to and be enforced in connection with the provisions of this section. An alien, although admissible under the provisions of this section, shall not be admitted to the United States if he is excluded by any provision of the immigration laws other than this section, and an alien, although admissible under the provisions of the immigration laws other than this section, shall not be admitted to the United States if he is excluded by any provision of this section.

"(c) Terms defined in the immigration act of 1924 shall, when used in this section, have the meaning assigned to such terms in that act.

"Sec. 9. There shall be no obligation on the part of the United States to meet the interest or principal of bonds and other obligations of the government of the Philippine Islands or of the Provincial and municipal governments thereof, hereafter issued during the continuance of United States sovereignty in the Philippine Islands: *Provided*, That such bonds and obligations hereafter issued shall not be exempt from taxation in the United States or by authority of the United States.

"RECOGNITION OF PHILIPPINE INDEPENDENCE AND WITHDRAWAL OF AMERICAN SOVEREIGNTY

"Sec. 10. On the 4th day of July, immediately following the expiration of a period of 10 years from the date of the inauguration of the new government under the constitution provided for in this act, the President of the United States shall by proclamation withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines (except such land or property reserved under section 5 as may be redesignated by the President of the United States not later than two years after the date of such proclamation), and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force: *Provided*, That the constitution has been previously amended to include the following provisions:

"(1) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

"(2) That the officials elected and serving under the constitution adopted pursuant to the provisions of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

"(3) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such



obligations shall be a first lien on the taxes collected in the Philippine Islands.

"(4) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

"(5) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except paragraph (2)) in a treaty with the United States.

#### "NEUTRALIZATION OF PHILIPPINE ISLANDS

"SEC. 11. The President is requested, at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands, if and when Philippine independence shall have been achieved.

#### "NOTIFICATION TO FOREIGN GOVERNMENTS

"SEC. 12. Upon the proclamation and recognition of the independence of the Philippine Islands, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

#### "TARIFF DUTIES AFTER INDEPENDENCE

"SEC. 13. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries: *Provided*, That at least one year prior to the date fixed in this act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, such representatives to be appointed by the President of the United States and the Chief Executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso shall be construed to modify or affect in any way any provision of this act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

#### "IMMIGRATION AFTER INDEPENDENCE

"SEC. 14. Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

#### "CERTAIN STATUTES CONTINUED IN FORCE

"SEC. 15. Except as in this act otherwise provided, the laws now or hereafter in force in the Philippine Islands shall continue in force in the Commonwealth of the Philippine Islands until altered, amended, or repealed by the Legislature of the Commonwealth of the Philippine Islands or by the Congress of the United States, and all references in such laws to the Philippines or Philippine Islands shall be construed to mean the government of the Commonwealth of the Philippine Islands. The government of the Commonwealth of the Philippine Islands shall be deemed successor to the present government of the Philippine Islands and of all the rights and obligations thereof. Except as otherwise provided in this act, all laws or parts of laws relating to the present government of the Philippine Islands and its administration are hereby repealed as of the date of the inauguration of the government of the Commonwealth of the Philippine Islands.

"SEC. 16. If any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the act and the applicability of such provisions to other persons and circumstances shall not be affected thereby.

#### "EFFECTIVE DATE

"SEC. 17. The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature."

And the Senate agree to the same.

HIRAM BINGHAM,  
HIRAM W. JOHNSON,  
BRONSON CUTTING,  
KEY PITTMAN,  
HARRY B. HAWES,

*Managers on the part of the Senate.*

BUTLER B. HARE,  
GUINN WILLIAMS,  
HAROLD KNUTSON,

*Managers on the part of the House.*

The PRESIDENT pro tempore. The Senator from Connecticut asks unanimous consent for the present consideration of the conference report. Is there objection?

Mr. BORAH. Mr. President, I have no objection; but the Senator is going to explain it fully, is he not?

Mr. BINGHAM. I shall be glad to explain it and answer any questions which Senators may desire to ask.

Mr. COUZENS. Mr. President, I withhold my consent until after the Senator from Connecticut shall have explained the report.

The PRESIDENT pro tempore. The Senator from Michigan reserves the right to object. The Senator from Connecticut is recognized.

Mr. BINGHAM. This is a privileged matter, and I could move to take it up.

Mr. COUZENS. I do not think it will be necessary to move to take it up, for the Senate, after it has heard the Senator's explanation, may be willing to proceed to the consideration of the report, and there may not be any objection to unanimous consent.

Mr. BINGHAM. Mr. President, the House and Senate conferees have unanimously agreed to the report. The chief matters in controversy were, first, the length of time before which independence could be achieved; in other words, the length of the probationary period. In the bill as passed by the House the time was fixed at 8 years, and in the bill as passed by the Senate it was 12 years; the conferees arrived at a compromise, and made it 10 years.

The House bill provided that during the entire eight years there would be no change at all in the tariffs. The bill as passed by the Senate provided that during the latter five years of the period there should be a gradual step-up of 5 per cent of the United States tariffs, to be used as an export tax by the Philippines, to be applied to the bonded indebtedness of the Philippine Islands. The House receded and agreed to the Senate provision, so that for five years the status quo will remain and after five years the tariff step-ups will begin to operate.

The question of immigration was at issue.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. BINGHAM. Certainly.

Mr. NORRIS. I do not quite understand from the Senator's remarks whether the provision as he has just stated it is in the conference agreement.

Mr. BINGHAM. It is in the conference agreement, the period having been reduced from 12 years to 10, during the first five years of which the status quo is to remain and during the second five years the tariff step-ups as provided by the Senate are to be operative, the House receding on that.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?



The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Michigan?

Mr. BINGHAM. I yield.

Mr. VANDENBERG. The Senator has not indicated what specific figures are used in respect to the limitations.

Mr. BINGHAM. I am about to reach that point.

Mr. VANDENBERG. I beg the Senator's pardon.

Mr. BINGHAM. The House declined to recede on their figures having to do with the limitation on exports of sugar and coconut oil to this country. The House also declined to recede from its position on immigration. The Senate receded on both those questions.

Mr. NORRIS. Will the Senator state briefly just what those provisions are?

Mr. BINGHAM. The House bill permitted the importation into this country from the Philippines of 800,000 tons of raw sugar and 50,000 tons of refined sugar, and also 200,000 tons of coconut oil. The House declined to yield, and the Senate receded on those provisions.

The House receded on the provision for making the act effective by concurrent resolution of the Philippine Legislature or by convention.

With regard to immigration the Senate receded; so that the House provision was retained permitting 50 Filipinos a year to come in for 10 years, and at the end of the period when independence shall be a fact the Philippine Islands will be placed exactly on the same basis as are Japan, China, India, and other Asiatic countries.

Mr. BORAH. Mr. President, before the Senator goes further, let me inquire what amount of coconut oil is now admitted free?

Mr. BINGHAM. At the present time it is all free of duty, I will say to the Senator.

Mr. BORAH. And that continues to be so for five years?

Mr. BINGHAM. Under the House bill the amount allowed to come in is somewhat less than the actual receipts during the past year or two, the actual receipts being about 225,000 tons and the House figures being 200,000 tons in the case of coconut oil.

Mr. BORAH. That continues for five years?

Mr. BINGHAM. It continues during the first 5-year period.

Mr. BORAH. And the amount which may be imported each year during the first five years is how much?

Mr. BINGHAM. Two hundred thousand tons. May I say to the Senator that the only possible advantage to anyone from reducing that amount would be to the pressers of copra on the Pacific coast, and the only disadvantage would be to those in the Philippine Islands who press the copra and turn it into coconut oil, since copra is at the present time free of duty?

Mr. WALSH of Massachusetts. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Massachusetts?

Mr. BINGHAM. I yield.

Mr. WALSH of Massachusetts. Will the Senator state when the immigration restriction commences to operate?

Mr. BINGHAM. The immigration restriction, limiting the number of Filipinos who may come in to 50 per year, commences as soon as the Philippine Legislature accepts the bill and starts the machinery in progress.

Mr. WALSH of Massachusetts. Is that limitation changed during the 10-year period?

Mr. BINGHAM. That limitation is not changed during the 10-year period. At the end of 10 years, the Filipinos having secured their independence, the Philippine Islands become an Asiatic country like any other country in the Orient.

Mr. VANDENBERG. Mr. President, will the Senator yield for a further question?

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Michigan?

Mr. BINGHAM. I yield.

Mr. VANDENBERG. Might not some confusion arise from the Senator's answer to the question submitted by the

Senator from Idaho? The 5-year period during which the 200,000-ton limitation applies does not start immediately; it does not start until the new commonwealth is established. Is not that correct?

Mr. BINGHAM. That is true, Mr. President; it does not start until the beginning of the 10-year period.

Mr. VANDENBERG. Precisely. So that, so far as this year is concerned, and next year, and perhaps another year, there is no limitation whatever? Is not that correct?

Mr. BINGHAM. That is true of both bills. The only difference is that the House receded from its position with regard to when the Philippine Legislature might fix the date of the beginning, the Senate having required that the Philippine Legislature act within one year. The House receded on that. Under the original bill they could postpone their action for any length of time?

Mr. VANDENBERG. Mr. President, will the Senator indicate his judgment as to how long it will be before in normal expectancy these limitations will begin to operate?

Mr. BINGHAM. Under the provisions of the bill as adopted in the Senate and as agreed to by the House conferees the convention must start to meet within one year after the enactment of this measure. It is hardly conceivable that their convention would remain in session for more than a few weeks, possibly a few months. Then the action of the convention must be submitted to a plebiscite of the people to accept the constitution. The House receded in regard to the vote on the constitution being regarded as a declaration in favor of independence.

Mr. VANDENBERG. There is an indeterminate factor, however, is there not, in view of the fact that the constitution must pass back and forth between the islands and the President until they are in agreement that it meets the specifications of the bill?

Mr. BINGHAM. That is true. There will be a period of several weeks there.

Mr. VANDENBERG. It might be several years.

Mr. BINGHAM. That matter, however, was not in conference.

Mr. REED. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. BINGHAM. I yield.

Mr. REED. Recurring to the immigration matter, is there any distinction made in the bill as agreed to by the conferees between immigration into the American mainland and immigration into Hawaii?

Mr. BINGHAM. The House receded and accepted the Senate provision.

Mr. REED. That amounts to what?

Mr. BINGHAM. The bill as passed by the Senate provided that immigration into the Hawaiian Islands from the Philippine Islands should be regulated by the Secretary of the Interior in accordance with what he deemed to be the interest of the labor market in the Hawaiian Islands; in other words, if there was unemployment there, he would not permit any to come in, while if they were in need of labor, then he might permit what he deemed wise. That was the provision in the Senate bill, and the House receded and accepted it.

Mr. DICKINSON. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Iowa?

Mr. BINGHAM. I yield to the Senator.

Mr. DICKINSON. I understand, then, that until this constitutional convention is held, and the action we take is ratified by the people of the Philippines in a popular election, there is no restriction on the imports of vegetable oil.

Mr. BINGHAM. That was the case in both the Senate bill and the House bill.

Mr. DICKINSON. And then for five years the matter is on the basis of 200,000 tons maximum, in case they act favorably?

Mr. BINGHAM. That is correct.



Mr. DICKINSON. And then the graduated scale of export taxes starts on both sugar and coconut oil?

Mr. BINGHAM. Five per cent a year for five years, each year adding 5 per cent of the United States tariff.

Mr. DICKINSON. What was done with reference to the section in the latter part of the bill having to do with an economic conference between the representatives of the Philippine Islands and the American representatives after independence has been declared?

Mr. BINGHAM. The Senate and the House bills were exactly alike in that regard and that matter was not in conference.

Mr. DICKINSON. When is that conference to be held? At the end of the probationary period?

Mr. BINGHAM. The House agreed to the Senate amendment, which states that it shall be held one year prior to the date fixed in the act for the independence of the Philippine Islands. The House receded and agreed to the Senate amendment on that point.

Mr. DICKINSON. But what I had in mind was this: By reason of the fact that we adopted the Senate amendment, which gives the people of the Philippines the right to declare their independence at the same time they adopt a constitution, I was wondering whether the conference is going to be held within a year after the acceptance of the constitution or after the final severance of relations.

Mr. BINGHAM. The Senate bill, to which the House agreed, provided that the conference should be held one year prior to the date fixed for independence.

Mr. DICKINSON. When is independence to come, according to the bill? Is it after they have voted for it?

Mr. BINGHAM. Independence comes at the end of the 10-year period. As the bill passed the Senate, the Philippine Islands are not to become free and independent until the end of the 10-year period. As the bill passed the Senate it provided for a 12-year period.

Mr. DICKINSON. Then the conferees of the Senate do not believe that it made any difference that we adopted the amendment which provides that there shall be a declaration of independence when the constitution is accepted?

Mr. BINGHAM. Oh, certainly, Mr. President. As I explained on the floor, it made a very great difference. It makes it impossible for the Filipinos, having once voted to call a constitutional convention and having once voted a plebiscite on the constitution as adopted by that convention, later to say that they do not like independence and do not want to be free. They have no choice; but independence does not become consummated until the end of the 10-year period. One year before the end of that period, under the Senate bill, the conference is to be held.

Mr. DICKINSON. There is a very keen desire on the part of the agricultural interests of this country that the time be made shorter and that the limitations be made lower on the imports of both sugar and dairy products. As I take it, this conference report is absolutely against the interests of the sugar people and of the farm people with reference to time and with reference to tonnage.

Mr. BINGHAM. Mr. President, in one regard it is worse for them and in another regard it is better. As the bill passed the Senate, no general tariff was to start to be laid until the end of seven years' probationary period. In the conference report it starts at the end of five years, so that there is a 2-year benefit there, during which time, under the Senate bill, 600,000 or less tons of sugar and 150,000 tons of coconut oil could come in free of duty. Under the conference report, however, during those two years there is an increased tariff of 5 per cent of the regular rates placed on those products, which is for the benefit of the producers in this country.

Mr. SHIPSTEAD and Mr. COPELAND addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield; and if so, to whom?

Mr. BINGHAM. I yield first to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, do I understand that the importations of copra are to remain as they are?

Mr. BINGHAM. There is no tariff on copra from any country at the present time.

Mr. SHIPSTEAD. And there is no limitation on importations of copra?

Mr. BINGHAM. Naturally. Copra from all countries is on the free list at the present time.

Mr. SHIPSTEAD. There is no limitation on the quantity that can be imported?

Mr. BINGHAM. There never is any limitation on the quantity of any product coming in under a free-trade provision; is there?

I yield now to the Senator from New York.

Mr. COPELAND. Mr. President, I assume that the Senator is not intending to put this measure on its passage until the conference report has been printed, so that the Senate may understand what it is all about. Am I right in that?

Mr. BINGHAM. I desire to have it passed to-day, and therefore I have asked unanimous consent for the immediate consideration of the conference report.

Mr. COPELAND. In a matter so important as this, where changes have been made in a conference, is it not unusual to pass the measure without printing the report?

Mr. BINGHAM. I am trying to explain in full exactly what happened to the matters in which there was any difference between the two Houses. I think I have done so. The chief matters were those of immigration, the length of time, the tariff step-ups, and the amount of material that should come in free of duty. Those were the chief subjects in dispute between the two Houses. The other differences were rather minor, except so far as the time when the act is to go into effect is concerned; and I have already explained that the House receded, and accepted the Senate bill, in that regard.

Mr. COPELAND. I understand that the report is subject to a point of order because the conferees have gone beyond the language of either House in fixing the dates involved.

Mr. BINGHAM. Oh, no, Mr. President. The time fixed in the Senate bill was 12 years. The time fixed in the House bill was 8 years. The conferees have accepted a compromise of 10 years.

Mr. COPELAND. Is there any question of date involved in any other part of the bill?

Mr. BINGHAM. No, Mr. President; none whatever.

Mr. COPELAND. Is the Senator quite satisfied that on the recommendations made by the conferees no point of order could be raised against the report?

Mr. BINGHAM. I am satisfied, Mr. President. The drafting clerks, the legislative counsel, and the conferees have been very careful to stay within the limits; and I may say to the Senator that the greater part of the bill as accepted by the conferees is the Senate bill. I have explained the only matters in which the House did not yield.

Mr. COPELAND. I must accept the statement of the Senator that the language of the report is strictly in accordance with the rule. It has been stated to me that the report is subject to a point of order along the line I have suggested. That was the reason why I thought it would be wise if the matter could go over until to-morrow so that the report might be printed; but, of course, I have the assurance of the Senator that it is not possible to raise the point against it.

Mr. DILL and Mr. HOWELL addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator from Connecticut yield?

Mr. BINGHAM. I yield first to the Senator from Washington.

Mr. DILL. Mr. President, what is the rush? Why can we not have this report printed and see it to-morrow?

Mr. BINGHAM. We desire to have the matter settled before the Christmas holidays. We desire to have the report sent over to the House to-day, so that the House may act. The House asked us to have the matter settled as soon as possible. I can assure the Senator that there is no desire on



my part, or on the part of the conferees, to conceal anything. I have endeavored to explain everything frankly, and I shall be glad to repeat any part of it.

Mr. DILL. I know; but in the case of a conference report on a bill so important as this, it seems to me we ought to have a chance to look it over. I do not think the Senator ought to press us for action on it to-day. I do not doubt what the Senator says; but when we sit down and read a thing, sometimes it looks different than it does when we hear it explained.

Again, I can not see the rush about the matter. There is going to be a period of 10 years after the constitution is adopted before independence is achieved, and a few days' delay will not hurt. In the meantime, it seems to me the Senator ought not to press for action at this time.

Mr. HOWELL and Mr. PITTMAN addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator yield?

Mr. BINGHAM. I yield first to the Senator from Nebraska.

Mr. HOWELL. Mr. President, when does this period of 10 years begin to run? Assume that the bill is approved before the 1st of January; at what date will the 10-year period begin to run?

Mr. BINGHAM. I will say to the Senator that there is no difference between the Senate bill and the conference report in that regard. They are exactly alike. The House accepted the Senate's position. The Philippine Legislature must take action and the constitutional convention must begin to sit within one year. After that it depends on how long they sit and whether there has to be an exchange several times between them and the President with regard to whether the constitution which they adopt is in accordance with the bill as it passed the Senate, and then a plebiscite is to be held. It is difficult for me to imagine that it would take more than one year for the provision of the Senate bill to go into effect; so one might say that the probationary period would begin not less than two years from the date of the acceptance of the act.

Mr. HOWELL. But it might be five years?

Mr. BINGHAM. I will say to the Senator that the conference report is no different than the Senate bill in that regard.

Mr. HOWELL. That is very true.

Mr. BINGHAM. I can hardly imagine that it would possibly take five years for this reason: The constitutional convention must meet within one year after the act is accepted. Then the constitutional convention may be in session for four or five months. It is difficult to imagine they would be in session longer than that. Then there is the period of exchange of notes; so that I see no likelihood of anything going longer than one year, particularly as they are anxious to get independence.

Mr. HOWELL. There is no likelihood of it, and yet it would be possible that the time might be extended to five years.

Mr. BINGHAM. It was possible under the Senate bill. There has been no change in the Senate bill in that regard.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield to the Senator from Ohio.

Mr. FESS. I am sure the Senator from Nebraska has in mind the same thing that I have: As to whether, under the bill as it now stands—whether it was in the Senate bill or in the House bill—by nonaction of the Philippine Legislature the whole thing can be defeated.

Mr. BINGHAM. Oh, certainly. The final clause in the bill as it passed the Senate provides that the act shall not go into effect until the Philippine Legislature has accepted it and started the wheels in motion.

Mr. FESS. So that instead of the time being five years, it might be wholly indefinite; that is, it is possible.

Mr. BINGHAM. Oh, the act does not even begin to go into effect until the Philippine Legislature acts; but they must act and they must get their constitutional convention

under way within one year. If they turn it down, then we go back and begin de novo.

Mr. FESS. That is the idea.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield to the Senator from Michigan.

Mr. COUZENS. Even in the eventuality that the Senator from Nebraska mentioned and that the Senator from Ohio had in mind, in case the Filipinos did not act, there would be nothing binding upon us to act at some later date, would there?

Mr. BINGHAM. We could act at the next session of Congress and pass an entirely different bill, granting immediate independence.

Mr. COUZENS. In other words, this measure does not tie us up for 10 or 12 or 15 years if the action of the people of the Philippines is not in accordance with the bill?

Mr. BINGHAM. Not at all. It does not tie us at all unless they act favorably within one year.

Mr. BORAH. Mr. President—

Mr. BINGHAM. I yield to the Senator from Idaho.

Mr. BORAH. Do I understand that according to the terms of the bill as finally accepted in the conference report if the Filipinos do not act within one year with reference to the constitution we would be entirely relieved from any obligation under this bill?

Mr. BINGHAM. It seems to me so, because the act requires them to have their constitutional convention meet at a certain place and within one year of the date of their first action.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield to the Senator from Utah.

Mr. SMOOT. Will not the Senator let this matter go over until to-morrow? I should like to see the conference report and I should like to see just what the effect of the changes is.

Mr. BINGHAM. I will say to the Senator that the bill is almost as it passed the Senate, with the exceptions I have mentioned. In other words, the House yielded on practically everything except immigration and the amount of sugar and coconut oil.

Mr. SMOOT. I judged that to be the case from what the Senator said. I noticed, however, that some of the leaders of the Filipino people, if the press dispatches from the Philippine Islands the other day can be relied upon, are absolutely opposed to either the House or the Senate bill.

Mr. BINGHAM. They were opposed to the Hare bill, and also opposed to the Hawes-Cutting bill, according to the newspapers.

Mr. SMOOT. Yes; that is what the newspapers said. Does the Senator know whether or not that is the case?

Mr. BINGHAM. I have no means of knowing what may be going on in the mind of anybody in the Philippines, any more than the Senator from Utah has.

Mr. SMOOT. But the Senator knows that these newspaper statements purport to be made by men who virtually are directing this whole matter in the Philippines.

Mr. BINGHAM. Yes, Mr. President. The leaders in the Philippines have been asking for immediate, complete, and absolute independence for many years. Naturally, they are not satisfied with the House bill, which puts it off for 8 years, or with the Senate bill, which puts it off for 12 years. The conference report puts it at 10 years. Naturally, they are not satisfied with that. They want immediate independence. They have been preaching that; but the bill as the conferees have reported it out is virtually as it passed the Senate in all its essential particulars, with the exception of the two things I have mentioned.

Mr. SMOOT. The Senator also remembers that according to the report that came from the Philippines, it was not only the limit of time to which they objected. They objected to other provisions.

Mr. BINGHAM. Yes; they objected to the immigration section, on which we yielded to the House.

Mr. HAWES. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield.



Mr. HAWES. A small element in the Philippines objected to three things. The first was the drastic exclusion provision, which has been taken from the bill. The second was the limitation placed in the bill by the Senate, and the third was the element of time. If Senators will follow this, especially Senators interested in the farm matter, they will find that while we put back the limitation placed in the bill by the House, from which they refused to recede, we have taken two years off the time.

Mr. SMOOT. Off the time of the Senate provision.

Mr. HAWES. No; the House provided for eight years.

Mr. SMOOT. And the Senate provided for 12.

Mr. HAWES. The Senate provided for 12.

Mr. SMOOT. Then it was taken off the Senate provision.

Mr. HAWES. No; we took three years off the limitation fixed in the House, making it 5, and then the 5-year tariff begins—5, 15, and 25.

Mr. SMOOT. It is to be graduated.

Mr. HAWES. As to the farmers in our country, whom the Senator has in mind: While it maintains the limitation, they have at the same time stopped the period of limitation sooner, if I make myself clear.

Mr. SMOOT. I understand the situation.

Mr. HAWES. The practical inquiry has been made several times of the Senator from Connecticut as to when this bill would become operative. I asked that question of the mission, because that is a question which they alone could determine. We do our part, and then their part begins. The brilliant speaker of the Philippine House, Mr. Osmena, said to me that, in their judgment, that machinery would be completed within the period of 16 or 18 months, and certainly they are going to move just as fast as they can.

I want to call the attention of both the Senator from Utah and the Senator from Nebraska to this fact: That while that limitation went up, the time came down. Is that clear to the Senator from Nebraska?

Mr. HOWELL. Yes.

Mr. SMOOT. Let us take the limitation on sugar, for instance. When the tariff bill of 1930 was before us it was stated to the committee that under no conditions could more than 585,000 tons of sugar be produced in the Philippines. That has been raised to 800,000 tons.

Mr. HAWES. The present production in the Philippines, this year's crop, as estimated by the Philippine people, as well as our people here, is 1,023,000 tons.

Mr. SMOOT. Yes; and I think that is only the beginning.

Mr. HAWES. One year later it will be a million and a quarter.

Mr. SMOOT. Whatever may be said as to the amount of sugar the islands can produce has no effect upon what the real result will be. I think myself that the islands can produce just about as much sugar as Cuba can.

Mr. HAWES. That is right, Senator.

Mr. SMOOT. I do feel that we allowed them all they said they produced a few years ago, and I thought that the proper thing would have been to hold to the 500,000 tons.

Mr. HAWES. The chairman of the House committee, returning from the Philippines, is now advocating that we fix not 850,000 tons but a million tons, as the result of his observations, and there is no chance of the House receding on that limitation. We gave up on the time, we adopted the policy the Senate expressed in the matter of the plebiscite, and there is not a single date in dispute.

The PRESIDENT pro tempore. The Senator from Connecticut asks unanimous consent for the present consideration of the conference report. Is there objection?

Mr. COPELAND. Mr. President, reserving the right to object, I wish the Senator would let the matter go over until to-morrow and have the report printed. There are a number of Senators, I know, who would like to see what is in this report and would like to give it a little study. The independence of the Filipinos will not be delayed. Certainly it could be acted upon to-morrow.

Mr. BINGHAM. Mr. President, I am very sorry, but I shall be obliged to move that the Senate proceed to the consideration of the conference report.

Mr. COPELAND. The Senator need not do that. I will withdraw my objection, if he persists in his request.

Mr. BINGHAM. If we were not so near the date of the Christmas holidays and had not been so long in the consideration of the bill, I would be able to agree.

Mr. DILL. Mr. President, the House is to be in session, we are told, through the Christmas holidays, so that argument will not apply as to the House. The House could take it up on Monday or Tuesday of next week.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Connecticut yield to the Senator from Nevada?

Mr. BINGHAM. I yield.

Mr. PITTMAN. Those who are anxious to pass this legislation ought to act on it now, because it is perfectly evident that we are about to take a recess in the Senate, and if the matter shall be delayed until after the holidays we will then have before us the Glass banking bill, a very important measure, and it is quite probable there will be other important matters coming over from the House of Representatives, and some reported from our committees, so it is very likely that after we come back there will be a legislative jam in the Senate.

The statement of the Senator from Connecticut as to the situation was very clear, and I think every member of the committee concurs in the statement. There is practically no difference at all, except that the immigration clause was rewritten by the senior Senator from California [Mr. JOHNSON], and agreed to by both sides. The House cut down the length of time from the period we fixed, 7 and 5 years, to 5 and 5 years, and insisted that there be a quota in effect during the 5 years, as provided in the bill. I venture to say that is all there is in the conference report that was not in the bill passed by the Senate; I am sure that is correct.

When this matter comes up for consideration, if we take it up, the conference bill of course can be read from the desk, if Senators desire, and there will be at the disposal of Senators all the copies of the conference report we have, at least for those Senators who desire to see it.

I really feel that it is of vast importance to the farmers of this country that we get early action on this report. I believe that the Legislature of the Philippine Islands will act early, and they can not start to act until we submit something to them. It would be a very unfortunate thing if this matter should be caught in a legislative jam after the holidays, and be defeated.

I know that some Senators feel that the farmers of our country are not getting what they should have in this matter. I do not agree with that; but I shall not give the reasons for my position, because I have already stated them on the floor. I am free to confess that if I had my way about it I would do more for the Philippine people than this conference report does. But we have worked as hard as we could to get a compromise bill.

Let Senators consider the different elements involved. In the first place, there are the two Houses of Congress to get together. There has been a wide difference of opinion as to the length of time it would take to bring about what was desired. It has been made 5 and 10 years. I think the time suits practically everybody.

As far as the quota is concerned, we cut the time down from eight to five years; the House committee thought it ought to have been more, but the situation is practically this: There are the Philippine Islands to be considered in this matter, their legislature and their people, we have the Congress to consider, and then, as a part of the legislative power of this country, whether we like it or not, we have to consider the President of the United States in the matter.

I think anyone will understand the difficulty of writing a compromise bill. This fight has been going on for 15 years. I think it is perfectly remarkable that we got a unanimous report on a conference bill in this matter. It is the first time we have ever had one.



There is just one other question. The Congress of the United States is never going to extend our tariff to the people of the Philippine Islands so long as they are under our sovereignty, except under such an agreement as we have reached in this legislation. If this conference bill shall be defeated, it will be defeated through selfishness and lack of knowledge of the problem, whether that selfishness be in this country or whether it be in the Philippines; and I think there has been a lot of it manifested by some of the politicians in the Philippines recently. The delegation who are representing the Philippine Islands here are broad, able, unselfish men, and the complaint as to demagoguery we have heard about comes from demagogues in the Philippine Islands, and not from this delegation.

If this measure shall be defeated, and shall come up a year from now or two years from now, there will be Senators and Representatives who will insist that the Filipino people be treated fairly; and instead of having the quota of sugar at 850,000 tons, which is 100,000 tons under the amount they are actually shipping here this year, although we propose to sustain the quota, the figure will be 950,000 tons; and if it is a year later, it will go up again. I think it is to the interest of the farmers of this country, intensely to their interest, to aid in consummating this legislation.

Mr. BINGHAM. Mr. President, I would like now to proceed in my own right for just a moment; and I would like to have the attention of the Senator from Utah [Mr. SMOOT]. The Senator from Utah was asking a few minutes ago about the sugar limitation, and the Senator from Iowa [Mr. DICKINSON] is also interested in what I am about to say.

Under the conference report the amount of sugar which will come in free of duty has been reduced by 105,000 tons. Under the 5-year limitation the amount is increased each year by 215,000 tons, under the conference report. That is the difference between 585,000 tons and 800,000 tons. There is an increase of 215,000 tons a year, but that is for five years, which is an increase of 1,075,000 tons over the Senate provision, so far as that is concerned.

The Senate provided, however, for free sugar for seven years, at a rate of 585,000 tons a year, which, for the two additional years, gives 1,170,000 more tons of sugar. The difference between the conference report and the Senate bill is the difference between 1,170,000 tons and 1,075,000 tons, so that actually the conference report cuts down the amount of free sugar by 105,000 tons.

Let us take the question of coconut oil. Under the provision as it was in the Senate bill there were to be 150,000 tons of coconut oil admitted free of duty for seven years, and for the two additional years there would be a total of 300,000 tons additional. Under the House bill they get 50,000 tons more for five years, which makes 250,000 tons. So that actually under the final Senate bill there is a total reduction of 50,000 tons of coconut oil.

Mr. SMOOT. But if we extend that 5 years to 20 years, we will see exactly what would happen. What hurts is the year when the greatest amount of sugar comes in from the Philippine Islands.

Mr. BINGHAM. There is nothing that can prevent a large amount of sugar coming in for the next two years, either under the Senate bill or the House bill. Naturally, that was not before the conferees.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Connecticut?

Mr. COPELAND. I do not want to be disagreeable about this matter, but I find so much protest against the conference report that it does seem to me the Senator should consent to let the matter go over until to-morrow. We have pending here a local bill which has been in the Senate for 10 years, and we have succeeded after great turbulence in coming to an agreement regarding its various features. I think that ought to be disposed of to-day. Then to-morrow morning, if the Senator chooses to bring up the conference report, so far as I am concerned, I shall not object to it being taken up for immediate consideration; but I do think the report ought to be printed so that we may fa-

miliarize ourselves with its details and study their significance. I can not see how a delay of 24 hours can be fatal.

Mr. BINGHAM. Mr. President, I renew my unanimous-consent request for immediate consideration of the conference report.

The VICE PRESIDENT. Is there objection?

Mr. HOWELL. Mr. President, the last report from the Department of Agriculture, dated November 29, shows that whereas the farmer received 100 for his products in 1913 he is now receiving 54, and whereas he was paying 100 for what he bought in 1913 he is now paying 106, a damning indictment of our national economy.

This measure affects the farmer, affects agriculture in this country, agriculture that is in the depths of despair; and yet the question of the independence of the Philippine Islands is to be left entirely to the Filipinos. It is acknowledged here that the bill may not be effective at all, that even though the constitutional convention is held there might elapse a period of 5, yes, 15 years before independence.

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Connecticut?

Mr. HOWELL. I yield.

Mr. BINGHAM. Mr. President, the Senator realizes the Senate conferees had no power to change the bill as it passed the Senate in that regard. The provision to which the Senator evidently has reference was in the House bill.

Mr. HOWELL. That is true, and yet it is just as pertinent at this time that agriculture is affected by the bill, that agriculture has not been given any consideration, that it is left entirely to the Filipinos as to whether independence shall come to the islands now or 15 or 20 or 50 years from now, so far as this bill is concerned. Yet not only do the products of the Philippine Islands depress certain agricultural products of this country, but the Philippine Islands and their possession by the people of the United States are the greatest external menace that confronts us. Despite that fact we are leaving it to the Filipinos as to whether this menace shall be terminated. We are leaving it to the Filipinos as to whether their competition with our agriculture—agriculture in the condition in which it is to-day—shall continue indefinitely.

Why is this? The Filipinos want independence immediately. The fact that the possession of these islands is a menace demands, so far as the interests of the Government of the United States are concerned, that independence shall be granted immediately. So far as the agricultural interests of the United States are concerned the same is true. Why is it that something immediate is not provided for? It is because of a fourth interest—investments in the Philippine Islands. It is because of investments, creditors; because of dollars and cents.

But when we think about the farmers, we forget dollars and cents. When we think about the Philippines, we can think of dollars and cents—that is, the dollars and cents of those who have invested in the Philippine Islands, who have gone there with their eyes open, knowing that we were committed to independence. Yet here, with agriculture in the depths, we continue a consummated menace to agricultural welfare as well as an international menace to governmental welfare. When we consider dollars and cents in this connection, it may mean nothing as compared with the cost in treasure, to say nothing of American lives, that this menace may mean to us in the not distant future.

The VICE PRESIDENT. Is there objection to the unanimous-consent request submitted by the Senator from Connecticut? The Chair hears none, and the conference report is laid before the Senate. It has been read. The question is on agreeing to the conference report.

The report was agreed to.

#### DISPOSITION OF USELESS PAPERS

The PRESIDENT pro tempore laid before the Senate a letter from the Acting Secretary of Commerce, reporting, pursuant to law, relative to an accumulation of documents and papers on the files of the department not needed nor useful in the transaction of current business, and asking for



action looking toward their disposition, which, with the accompanying list, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. JOHNSON and Mr. FLETCHER members of the committee on the part of the Senate.

#### PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate resolutions adopted by members of the First Church of the Nazarene, of Pasadena, Calif., protesting against the repeal of the eighteenth amendment of the Constitution or the modification of the national prohibition law, which were referred to the Committee on the Judiciary.

He also laid before the Senate a letter in the nature of a memorial from Richard A. Scott, president, American Business Men's Prohibition Foundation, Chicago, Ill., remonstrating against the repeal of the eighteenth amendment of the Constitution or the modification of the national prohibition law, which was referred to the Committee on the Judiciary.

He also laid before the Senate the memorial of the American Temperance Society of Seventh-day Adventists, Takoma Park, D. C., remonstrating against the repeal of the eighteenth amendment of the Constitution or the modification of the national prohibition law, which was referred to the Committee on the Judiciary.

Mr. CAPPER presented a resolution adopted by branches of the Woman's Christian Temperance Union of Manhattan, Kans., protesting against the repeal of the eighteenth amendment of the Constitution or the modification of the national prohibition law, which was referred to the Committee on the Judiciary.

He also presented petitions, numerous signed, of sundry citizens of Ellsworth, Goodland, Hays, Newton, and Victoria, all in the State of Kansas, praying for the repeal of the tax on bank checks, which were referred to the Committee on Finance.

He also presented a resolution adopted by the Rice County Bankers Association, at Lyons, Kans., favoring the immediate repeal of the tax on bank checks, which was referred to the Committee on Finance.

He also presented a telegram, in the nature of a petition, from Mrs. Fannie Kreps, president American Legion Auxiliary, of Abilene, Kans., praying for the passage of legislation known as the widows and orphans pension bill, and protesting against reduction in the benefits being paid to disabled veterans and their dependents, which was referred to the Committee on Finance.

#### REORGANIZATION OF GOVERNMENTAL DEPARTMENTS

Mr. ROBINSON of Indiana presented a resolution adopted by members of the Indiana Republican Editorial Association, which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

The members of the Indiana Republican Editorial Association in session at the Columbia Club, Indianapolis, express their approval of the plan of reorganization of governmental departments submitted by President Hoover, and in view of the great savings which could thus be effected urge that the President's plan be supported by the Members of the Senate and the House of Representatives.

#### BROADCASTING STATIONS

Mr. ROBINSON of Indiana presented a resolution adopted by members of the Indiana Republican Editorial Association, which was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

The members of the Indiana Republican Editorial Association in session at the Columbia Club, Indianapolis, urge the Senate to pass the Davis bill, now pending before the Interstate Commerce Committee of that body, making applicable to broadcasting stations the same penalties for violation of Federal laws as are now applicable to newspapers.

That the secretary of this association be authorized to send a copy of this motion to the two Indiana Senators and Members of the House of Representatives from Indiana.

#### PROHIBITION ENFORCEMENT

Mr. ROBINSON of Indiana presented a resolution adopted by the Indiana Woman's State Committee for Law Enforcement, which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

We, the members of the Indiana Woman's State Committee for Law Enforcement, stand for allegiance to the Constitution of the United States and the strong enforcement of the supreme law of the land.

We are against relegalization of beer, against the submission of an amendment to repeal the eighteenth amendment, and against ratification of amendment by conventions rather than as formerly, by legislatures.

All places where liquor is sold, whether called the saloon or speakeasy, must be credited to the liquor traffic. Regardless of where liquor is sold, it produces the same characteristic results—that is, drunkenness, immorality, degeneracy, poverty, alcoholism, insanity, and death.

The effects of alcohol can not be repealed. No method has ever been devised to dispense alcohol that does not debauch and degrade.

The speakeasy exists because it is financially supported by drinkers; the saloon existed, and would exist again, because it has to be financially supported by drinkers.

The opponents of the eighteenth amendment are appealing for the relegalization of beer, to the tax-ridden people, claiming that it will be a revenue producer, yielding an annual income of \$400,000,000. It is reputed that this must result in actual consumption by each drinker of at least \$160 worth of beer a year, which in this period of economic crisis will increase poverty and inefficiency and result in poorer homes, lower wages, unemployment, crime, neglect of children, and wife desertion.

Taxes must be reduced not by the return of legalized beer or wine but by lowering the costs of the operation of National, State, and city government through reorganization, and otherwise raising taxes.

We therefore oppose any change and ask our United States Senators and Congressmen to vote against all legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act and to vote for adequate appropriations for law enforcement and a campaign of education in law observance.

We call upon the people to stand by the Constitution of the United States and demand enforcement and obedience to the letter and the spirit of the law.

Mrs. Felix T. McWhirter, Indianapolis, chairman; Mrs. R. J. Hudelson, Indianapolis, secretary; Mrs. R. E. Hinman, Indianapolis, secretary; Mrs. Frank J. Lahr, Indianapolis, secretary pro tempore; Mrs. Madison Swadener, Indianapolis, corresponding secretary; Mrs. S. W. Terry, Indianapolis, treasurer; vice chairmen: Mrs. Edwin N. Canine, Terre Haute; Mrs. O. B. Christy, Muncie; Mrs. Charles W. Craig, Indianapolis; Mrs. Brandt C. Downey, Indianapolis; Mrs. Hamet D. Hinkle, Vincennes; Mrs. W. J. Hockett, Fort Wayne; Mrs. Curtis A. Hodges, Indianapolis; Mrs. Paul T. Hurt, Indianapolis; Mrs. Ovid Butler Jameson, Indianapolis; Mrs. A. F. Kemmer, La Fayette; Mrs. W. P. Knode, Indianapolis; Mrs. Frank J. Lahr, Indianapolis; Mrs. P. J. Mann, Hammond; Mrs. Edwin F. Miller, Peru; Mrs. W. E. Miller, South Bend; Mrs. John W. Moore, Indianapolis; Mrs. Charles A. Muelier, Indianapolis; Mrs. Albert L. Pauley, Indianapolis; Mrs. David Ross, Indianapolis; Mrs. E. C. Rumpier, Indianapolis; Mrs. L. C. Trent, Indianapolis; Mrs. George A. Van Dyke, Indianapolis; Mrs. Edward Franklin White, Indianapolis; Mrs. Byron Wilson, Greencastle; Indiana Woman's State Committee for Law Enforcement.

#### TARIFF BARRIERS

Mr. COOLIDGE. Mr. President, on Monday, December 19, page 674, CONGRESSIONAL RECORD, I called the attention of the Senate to telegrams from Massachusetts, stating that it appeared that the Bermuda government intended placing a prohibitive tariff on food products from the United States. Appearing in the Washington Daily News of yesterday, December 21, city edition, front page, and continued on page 6, a short article, with the following caption, "Canada and France May Sign Trading Pact Against United States."

Mr. President, out of order, I ask unanimous consent to have this article printed in the RECORD and appropriately referred.

There being no objection, the matter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

CANADA AND FRANCE MAY SIGN TRADING PACT AGAINST UNITED STATES—CANADIAN OFFICIAL TO VISIT PARIS ON WHAT IS REPORTED TO BE COMMERCIAL MISSION

PARIS.—The war debts controversy will enter an important economic phase this week with the arrival of Charles Hazlitt Cahan,



Canadian Minister of State, possibly here on a trade mission costly to the United States.

Cahan conferred with Canadian Prime Minister R. B. Bennett in London regarding a new Franco-Canadian trade treaty expected to increase Canadian trade here at the expense of United States firms.

The French were believed eager to complete a new agreement with Canada, especially in view of the temporary impasse in Franco-American negotiations, due partly to ill feeling created by the debts situation.

The French were angered by Canada's denunciation of the trade accord existing before the Ottawa imperial conference. The Government was understood to be willing now, however, to buy Canadian goods in preference to American, including electrical appliances, agricultural machinery, tractors, fruit, radio parts, automobiles, and canned goods.

#### SUBMIT LIST

The French submitted a list of articles to Canadians on which preferential treatment will be asked. The list included soap, oils, perfumery, and wines. The articles will not conflict with Canada's concessions under the Ottawa agreements.

Increasing purchase of Canadian goods over American was shown in trade statistics for the first 11 months of 1932. Chief among the Canadian imports was wheat, 23,500,000 bushels of Canadian grain against 7,800,000 bushels of American, although there was a higher import duty on the Canadian grain after denunciation of the old trade treaty.

Canadian goods are cheaper in the French market than previously, due to depreciation of Canadian exchange.

#### CONSTRUCTION AND UNEMPLOYMENT RELIEF

Mr. SCHALL. Mr. President, I ask leave to print in the RECORD a letter I recently received that contains some information that may be of value in the matter of unemployment relief and ask that it be referred to the appropriate committee.

A similar letter was inserted in the RECORD in the last session indicating that this building material would lower costs for construction purposes, especially houses, thus serving a dual purpose, cheaper homes and unemployment relief.

There being no objection, the letter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

THE PAULY MANUFACTURING CO.,  
Washington, D. C., December 17, 1932.

Senator THOMAS D. SCHALL,  
Senate Office Building, Washington, D. C.

DEAR SENATOR: In accordance with your suggestion I am writing to summarize our employment opportunity and possibility of economy in the event that the Reconstruction Finance Corporation act is amended so that persons or companies with assured self-liquidating reproduction projects will be eligible for loans from the Reconstruction Finance Corporation, whether they are of public or private nature.

First. We would employ 250,000 men on a 6-hour-day basis directly and as many more indirectly for a considerable time to replace local clay unit plants (nonpottery) and nonclay refractories with Pauly poured (cast) cement concrete unit plants which are considered to have superior structural qualities.

Second. Building local plants for manufacturing Pauly poured (cast) cement concrete units will save in freight and material over \$400,000,000 annually, as compared with the cost of manufacturing clay and ordinary concrete units.

Third. Labor and material per Pauly unit is \$2.60 for each \$1 paid for labor.

Labor and material per unit of ordinary concrete units is \$3.75 for each \$1 paid labor.

Average freight per unit to consuming center of clay units is \$3.50 plus labor and material of \$2.76 total per \$1 paid labor \$6.26.

Pauly units will be manufactured at each consuming center minus freight.

Hence, labor will receive \$1 of each \$2.60 of the Pauly unit; it will receive only \$1 of each \$3.75 of ordinary concrete units; and it will receive only \$1 of each \$6.26 from clay units.

Fourth. In 1929 labor received \$106,918,237 for producing clay units and in 1927 it received \$24,897,709 for producing ordinary concrete units. Cheaper material and less freight should stimulate greatly this very important source of revenue for labor.

Fifth. Census reports indicate that 1,749 clay plants employed 93,336 persons and 2,438 concrete plants employed 16,506 in 1929. It is believed conservative to state over 25 per cent of the clay plants and 50 per cent of the concrete plants are out of business for an indefinite time, if not altogether, at the present time.

Sixth. When and as Pauly poured (cast) unit plants are ready to start production it is our intention to give the clay and/or concrete unit manufacturers whose plants have been replaced the first chance to operate Pauly plants and to purchase their plant equipment (not land) for scrapping. Purchasing plant equipment will not be considered until arrangements for operating Pauly plants have been made and equipment scrapping prices have been mutually agreed to.

Seventh. Rebuilding or rehabilitating clay and ordinary concrete plants is estimated to consume 2,000,000 tons of castings and steel; also on completion of such a change an annual consumption of thirty-five to forty million barrels of cement.

Eighth. While rebuilding is under process, the number of employees in clay and ordinary concrete plants will not be affected, nor will the number of employees be affected when changes are made from manufacturing clay and ordinary concrete units to manufacturing Pauly poured (cast) cement concrete units. In fact, employment is likely to be increased when a more economical unit is marketed, especially one for producing hollow masonry units.

Ninth. Pauly tile will make semifireproof homes possible and will be a substitute in every way for lumber in outer walls, thus helping to preserve our forests. Manufacturing Pauly units locally of ash, cinders, etc., will tend to reduce power and light cost. Laboratory test by a large power company indicates pulverized coal ash has pozzuolanic qualities similar to some volcanic ash.

Tenth. It is not believed that a question of quality for structural and other uses can be raised against poured (cast) concrete units, except when color in structural facing units enters the subject, and this exception can to a certain extent be overcome by using concrete aggregate with desired colors.

Eleventh. The strength and permeability of poured (cast) concrete units, where solid or hollow, can be scientifically regulated. If this were not a fact, regulating the strength and permeability of concrete in the Hoover Dam and reinforced-concrete structure floors, etc., would not be possible.

I have tried briefly herein to set forth reasons for developing a comparatively new industry, that of building houses and other structures from Pauly poured (cast) cement concrete units, namely, that it will help in this depression in the employment of idle labor. This material can be produced cheaper. It will save in freight. For these reasons production costs will be less, thus more conducive to development in spite of the so-called hard times. It is one industry that can truly be said to suffer from lack of credit. It is new.

Private credit hesitates to develop it. The Reconstruction Finance Corporation as it is now constituted is unable to assist it. It is without authority of law to do so.

Hence, your support in effecting an amendment to the present law granting credit to persons or companies with assured self-liquidating reproduction projects, whether they are of public or private nature, will be appreciated.

Yours very truly,

A. A. PAULY.

#### ENROLLED BILL PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on the 21st instant that committee presented to the President of the United States the enrolled bill (S. 1863) to authorize the direct transfer of Widow's Island, Me., by the Secretary of the Navy to the Secretary of Agriculture for administration as a migratory-bird refuge.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHEPPARD:

A bill (S. 5268) for the relief of J. H. Bowling; to the Committee on Claims.

By Mr. CAREY and Mr. THOMAS of Idaho:

A bill (S. 5269) to extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law," approved April 1, 1932; to the Committee on Irrigation and Reclamation.

By Mr. REED:

A bill (S. 5270) to authorize the adjustment of a part of the western boundary line of the Plattsburg Barracks Military Reservation, N. Y.; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 5271) for the relief of the Great American Indemnity Co. of New York; to the Committee on Claims.

By Mr. McKELLAR:

A bill (S. 5272) granting a pension to Fred P. Lanier (with accompanying papers); to the Committee on Pensions.

By Mr. LOGAN:

A bill (S. 5273) authorizing national banks to establish branch banks, and to secure deposits; to the Committee on Banking and Currency.

By Mr. NYE:

A bill (S. 5274) to regulate service of contest notices in all cases affecting mining locations or claims, and for other purposes; to the Committee on Public Lands and Surveys.



By Mr. ROBINSON of Indiana:

A bill (S. 5275) granting a pension to Blanch T. Stephenson (with accompanying papers); to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 5276) granting a pension to James A. Boone (with accompanying papers); and

A bill (S. 5277) granting a pension to Sarah J. Gould (with accompanying papers); to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 5278) for the relief of Henry R. Harris; and

A bill (S. 5279) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom, in Marshall County, in the State of Minnesota; to the Committee on Claims.

#### TAX-EXEMPT SECURITIES—CONSTITUTIONAL AMENDMENT

Mr. ASHURST. Mr. President, I introduce a joint resolution, and ask that it be read at length and referred to the Committee on the Judiciary.

The joint resolution (S. J. Res. 224) proposing an amendment to the Constitution of the United States, relative to taxes on certain incomes, was read the first time by its title, and the second time at length, and referred to the Committee on the Judiciary, as follows:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by the legislatures of three-fourths of the several States:*

#### "ARTICLE —

"SECTION 1. The United States shall have power to lay and collect taxes on income derived from securities issued after the ratification of this article by or under the authority of any State, but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of the United States or any other State.

"SEC. 2. Each State shall have power to lay and collect taxes on income derived by its residents from securities issued after the ratification of this article by or under the authority of the United States, but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of such State."

Mr. ASHURST. Mr. President, I do not wish at this time to discuss the joint resolution at length.

Our country is sitting in the shadow, and has for many months sat in the shadow, of a great fear. Property owners are mulcted by high taxes. Investors are reluctant to risk their money, hence they take refuge in tax-exempt securities. It would amaze—indeed, I use a stronger word—it would astound Senators to know the amount of money tied up in tax-exempt securities. In my judgment no property should escape taxation, and unless and until a constitutional amendment is submitted and ratified preventing the issuance hereafter of tax-exempt securities, money will continue to go into tax-exempt securities instead of going into business and industry which would pay wages.

Mr. President, I am pioneering no new movement. Some years ago this proposition was submitted to both Houses of Congress and by a few votes such a joint resolution was defeated in another branch of Congress, but there has been a vast change in the opinion of our countrymen, there has been a change in the opinion of Congress, and I believe that one of the reforms which would bring about a lessening of taxes and certainly would do justice would be to propose that hereafter neither a State nor the United States shall issue tax-exempt securities.

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator from Arizona about counties and municipalities?

Mr. ASHURST. I am of the opinion that if we propose to tax the securities of a State, it would comprehend the political subdivisions of the State.

When I was a boy, I had a morbid fear of ghosts; of disembodied spirits. I shall not regale the Senate with the

interesting circumstances which relieved me of that morbid and silly fear under which I was for a time bound. Mr. President, the business interests of the United States are under a morbid fear comparable to the boyish fear of ghosts. Business does not see the apparition, the shade, the shadow, but business sees rather the corpse, the dead body of its investment, and until we can relieve the country of that shadow of fear which hangs over it, the depression will continue. Confidence must be restored; investors must be given to understand that they will not be mulcted out of their original investment by high taxes or amercements if we are ever to come from under the shadow of this devastating fear. Mr. President, if we were to announce to the country that hereafter neither the United States nor any State nor subdivision thereof will issue any more tax-exempt securities, then, in the language of a very great orator, we would be smiting the rock of the national resources, and abundant streams of revenue would gush forth.

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Connecticut?

Mr. ASHURST. I yield.

Mr. BINGHAM. The Senator has been a member of the Judiciary Committee for many years. I have had before that committee for some time a proposed amendment to the Constitution, providing that there shall be no more tax-exempt securities issued, but I have never heard that the committee or any member of it took sufficient interest in it to have any action taken.

Mr. ASHURST. Mr. President, I admit that I was not aware that the Senator from Connecticut [Mr. BINGHAM] had introduced such a joint resolution. I am not surprised, however, that he has introduced such a proposal, because there is no more learned and philosophical Senator here than is the Senator from Connecticut. The action he has taken is a tribute to his courage and to his statesmanship and his accurate thinking, and I would cheerfully withdraw my own joint resolution, because I am sure that, master of parliamentary language and master of expression as he is, the resolution of the Senator from Connecticut would be more nearly correct than would be mine.

Mr. BINGHAM. May I say to the Senator that my resolution was not original with me? I took it from a measure in the House of Representatives some years ago, where, as the Senator remembers, the subject was debated in the House and the proposal was defeated only by a few votes. The measure passed by a large majority, but did not secure the requisite two-thirds.

Mr. ASHURST. Mr. President, I hope the Senator will come before the Judiciary Committee, when it convenes in January, and argue in behalf of his joint resolution. While it may be somewhat impolite, certainly not chivalrous, to refer to lame ducks, I think the Senator has humor enough to know that I mean no offense when I say that if he will make an argument, as he can do, in support of his resolution, I will state that I wish we had more such lame ducks in the Senate.

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Oklahoma?

Mr. ASHURST. I yield.

Mr. GORE. I merely wish to inquire whether this resolution contemplates or authorizes a tax on ghosts?

Mr. ASHURST. On ghosts?

Mr. GORE. Yes, sir.

Mr. ASHURST. Mr. President, I am not sufficiently familiar with the plans and purposes and events of another sphere of activity which is beyond this one to make the Senator any definite answer. I am not much of a mystic, and I do not see, if we should levy a tax upon them, how we could enforce its collection.

Mr. GORE. My point was that if we could levy a tax on ghosts of departed incomes we could raise abundant revenue. Last winter we indulged in the pastime of levying a phantom tax on phantom incomes, and only phantom revenues have resulted.



Mr. ASHURST. Mr. President, I appreciate the pungency of the Senator's statement, and I wish to say, in conclusion, that we must grapple with this question, sooner or later, everywhere. Our citizens have had every opportunity of purchasing tax-exempt securities, and who can blame them for doing so? It is lawful; such securities are legitimate investments; and who is there who would blame them for purchasing them?

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Kentucky?

Mr. ASHURST. I yield.

Mr. BARKLEY. Does the Senator take into consideration the fact that whatever tax may be levied on public securities of States, counties, and cities by the Federal Government will be reflected in an increased interest rate, which will have to be borne by the taxpayers of the States, counties, and cities in whose name the bonds are issued?

Mr. ASHURST. That might be true, but I think that all the evils of increased rates of interest would be counterbalanced or outweighed by the enormous public good that would result by taxing all property.

Mr. BARKLEY. In other words, any increased revenue obtained by the Federal Government, if it should result in an increased rate of interest on public bonds which bear a low rate of interest because of their tax exemption, would be, in effect, allowing the Federal Government to take money out of the taxpayers of the States in order to increase its own revenues at their expense?

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Oklahoma?

Mr. ASHURST. I yield.

Mr. GORE. I desire to say, seriously, that Senators investigating this proposal might do well to reexamine the reports of Alexander Hamilton on public credit and on manufactures. He made the point that the essence of public credit and public securities is the promise of the Government to pay, and that if the Government reserved the right and exercised the right to tax its own promises to pay it could tax them out of existence—could destroy their value and lenders would not venture their money in public securities.

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Connecticut?

Mr. ASHURST. I yield.

Mr. BINGHAM. May I call the Senator's attention to the fact that in the conference report on the Philippine independence bill, adopted this morning, the House receded and agreed to a Senate provision that the bonds and other obligations of the Philippine government or provincial and municipal governments hereafter issued shall not be exempt from taxation in the United States.

Mr. ASHURST. That is a very far step in the right direction.

Mr. President, there may be two sides, of course, to the question; but, for the life of me, I do not see how anyone can argue that morally and ethically anyone is entitled to have in his breast pocket or in his strong box millions upon millions of dollars' worth of securities upon which he pays no taxes whatever. If that is not wrong, then nothing is wrong.

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Oklahoma?

Mr. ASHURST. I yield.

Mr. GORE. Mr. President, I do not mean at this time to embark on a discussion of this very interesting subject, but here is one point which gives me pause: Suppose the amendment now suggested should become a part of the Constitution of the United States and the United States were involved in a desperate war and should make an offer of its securities to the public, which securities, under the resolution now being discussed, would be taxable by all the States and by all the counties and by all the cities; the

purchaser of those bonds would capitalize the prospective tax to be imposed by these various authorities and would subtract that capitalized tax from the amount which he would pay for the bonds in the first instance. So it would work out, in the long run, perhaps a more serious burden than the tax-exempt securities themselves.

In addition to that, when an individual to-day buys tax-exempt securities from some other owner, although it may be said that his capital is invested in a tax-exempt security instead of being invested in business or enterprise; yet the man from whom he has bought the bonds has received payment of the money, the capital, which is available for investment in business and presumably would be invested in business unless reinvested in some other tax-exempt security. In other words, when a tax-exempt security changes hands the purchaser has indeed placed his money in a tax-exempt investment but the seller receives the money, receives the purchase price, which is available for business—production or trade.

Mr. ASHURST. Mr. President, my reply to the learned Senator from Oklahoma is, first, that my resolution, and I understand the resolution of the Senator from Connecticut, does not propose to tax any of the securities that might be issued prior to the ratification of the proposed amendment. The able Senator from Oklahoma seems to descry some fear that in a great war money would not pour into the coffers of the country and that the country would be denied the power to obtain money.

Mr. President, in a great war who is it that stands to lose the most? Money. Mr. President, money has been accused in this Chamber and elsewhere of being unpatriotic, but certainly it is not bereft of intelligence.

Mr. FESS. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Ohio?

Mr. ASHURST. Let me finish the sentence, and then I will yield. Those who possess vast sums of money will realize first in time of war that if the Nation were unsuccessful their wealth would be of no value, and they would, I believe, from a selfish interest, if not from a patriotic motive, pour into the Treasury of their country the revenues needed. What a poor compliment to the patriotism of our country it is to say that we might lose a war unless we granted money and wealth relief from taxation! What a poor compliment to this country to indicate in the Senate that somebody would slack in patriotism and would not honorably endeavor to serve on the field of battle or in the lines of industry unless he could secure tax-exempt securities as a reward for his patriotism! Now I yield to the Senator from Ohio.

Mr. FESS. Mr. President, I should like to make a brief observation, if the Senator will permit me.

Mr. ASHURST. Certainly.

Mr. FESS. The issuance of tax-exempt securities—and the practice of issuing such securities has been continued pretty regularly—has been condemned on all sides, so much so that at times I thought there would be no difficulty in preventing it. However, I have noticed, as the Senator has no doubt noticed, that, with a general conviction that such a practice ought not to be indulged in, we constantly violate that conviction whenever any proposal comes up here, such as the farm-land bank or the joint-stock land bank or other measures, in connection with which we permit the issuance of debentures or bonds. In almost all such instances we put the tax-exempt feature in the law. What strikes me is that we never have any opposition to it; it goes through practically unanimously.

Mr. ASHURST. I have been just as guilty of that practice as anyone here has been.

Mr. SHORTRIDGE. But a different time has now come.

Mr. ASHURST. As the Senator from California very pertinently suggests, Mr. President, we are at the crossroads of history. No man knows what may come within a year or a month. We have reached a point where we must take advanced ground; we must boldly seize the nettle of life and grasp it, not avoid responsibility. We will be required to do things that will be unpopular and that may



relegate some of us to private life; but what of that? The Government got along very well before we came into public life. We must be courageous, bold, willing to advance, and not sit idle and say because we have had one hundred and forty and odd years of tax-exempt securities we should continue to have them.

I say, in reply to the Senator from Oklahoma, if we refuse to take the necessary action for fear of being laughed at or carped at we shall take root here where we stand or stand staid statues only.

Mr. GORE. Mr. President, I have listened almost enthralled to the grandiloquent remarks of the Senator from Arizona.

Mr. ASHURST. If I could enlighten the Senator, instead of enthraling him, I would be happy.

Mr. GORE. I am glad to see a Senator who trembles on so many occasions and is so daring, dashing, on this occasion. However, Mr. President, the Senator says that money is intelligent; let us admit whatever else it has or has not, it has that attribute. When the United States, whether in peace or in war, offers an issue of bonds to the people of this country, if those bonds are subject to taxation by 48 States, by 3,200 counties, and by 1,000 cities and municipalities, the intelligence of money will compute the probable tax and will exaggerate rather than underestimate the tax, and will subtract that capitalized taxation from the price which it pays for those bonds in the first instance. Money is a little too intelligent to be taxed by such an *ad captandum* proposition as this.

I realize the purpose the Senator has in view, but this proposition is futile. It will not accomplish the result.

Mr. ASHURST. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Arizona?

Mr. GORE. I do.

Mr. ASHURST. I have the greatest respect for the matured views of the Senator from Oklahoma. He asked me about ghosts. Now he has raised up a whole array of invisible spirits. He pictures, or tries to picture, a bondholder as being taxed by the Federal Government, by the State, by the county, and by the city. Why, the farms of our land are taxed by the Federal Government indirectly, by the State, by the county, by the district, and by the precinct. Why does the Senator, therefore, seek to secure for bondholders a privilege not enjoyed by other classes of citizens?

Mr. GORE. Mr. President, I do not wish to confer a privilege on the bondholder or anyone else; neither do I wish to do a vain thing, and least of all to deceive myself. I think taxes should be based on wealth and not on want and should be measured by ability to pay. The Federal Government does not impose a tax on farms; but if there be anything in our present system of taxing farm lands which commends itself to the Senator as a precedent, I can not follow him to that conclusion.

The only point I make is that this proposal would be futile. We are going through a pantomime. We are attempting to tax the moneyed class when they buy securities, and we may deceive some people into the belief that we are successful in this attempt. The attempt, however, will be abortive. The bondholder will elude this tax by paying less for the bonds.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Texas?

Mr. GORE. Yes.

Mr. CONNALLY. Right on that point, may I call the Senator's attention to the fact that some years ago a similar joint resolution was presented in the House of Representatives. It was exhaustively debated. Mr. Mellon was the proponent of that joint resolution at that time. It proposed to remove the tax exemption.

On the point the Senator is now discussing I desire to call his attention to the fact that during the war we issued  $3\frac{1}{2}$  per cent tax-free bonds, absolutely tax free. We also issued  $4\frac{1}{4}$ ,  $4\frac{1}{2}$ , and  $4\frac{3}{4}$  per cent bonds that paid a surtax

only to the Federal Government. In the course of that discussion I computed the statistics in the Treasury Department, and I found that on those higher issues the Treasury Department had paid out over \$100,000,000 of increased interest over and above what it would have paid on the  $3\frac{1}{2}$  per cent bonds and got back in taxes less than \$25,000,000. So that the practical operation of taxing those bonds, even on the surtax, resulted in the Government's paying out over \$100,000,000 in increased interest rates, because of the fact that they were taxable, and getting back less than \$25,000,000 in the form of taxes.

I thought that might be of interest.

Mr. GORE. I thank the Senator for his valuable contribution to this debate. I was regretting that I did not have in mind the statistics he has just cited. I did not know what the practical result had been, but I felt certain that the fact would correspond with what he has said. It could not be otherwise.

Mr. COPELAND. Mr. President, will the Senator yield to me before he takes his seat?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. GORE. I yield; yes.

Mr. COPELAND. The Senator said a moment ago that money is intelligent.

Mr. GORE. I was quoting the Senator from Arizona [Mr. ASHURST]. I disclaim any responsibility and withhold any commitment either way.

Mr. COPELAND. I should like to express my view about it. That is of little consequence; but I do not think money is intelligent just now. What this country needs more than anything else is credit. There can be no restoration of business in America until credit is reestablished. The merchants in the small towns can not fill up their shelves because they can get no credit. The banks have dried up credit. So if it is stated that money is intelligent, no matter who made the statement, I dispute it, because to my mind what we need more than anything else is the circulation of money which comes from the establishment of credit, and the willingness of men who hold tax-exempt securities, or any other securities, whether the holder may be an individual or may be a bank, to grant credit. Until that money is made available to the people, and until credit is established, there can be no restoration of business in America and no relief of this economic depression. That is my solemn conviction.

Mr. GORE. Mr. President, I have great respect for the Senator's solemn convictions, but I differ from him fundamentally on the point that the great need of the country is increased credit. I should have expected that argument to come last in this Chamber from the Senator from New York. He is a physician by profession. Better than anyone else, he knows that the cause of the disease must be eradicated in order to relieve the patient.

My judgment is that one of the fundamental causes of this depression, of this unexampled debacle, was the use, the misuse, the overuse, and the abuse of credit. That is one of the major causes, if not the controlling cause.

When this breakdown occurred in 1929 the people of this country had succeeded in obtaining credit to the amount of \$203,000,000,000. That indicates that credit had not been scarce or overdifficult to obtain. At that time our national wealth was estimated to be \$360,000,000,000, as against an indebtedness of \$203,000,000,000. It is now estimated that our national wealth has shrunk to \$180,000,000,000, and that we have paid off some \$20,000,000,000 of our indebtedness, reducing it to approximately \$180,000,000,000. So that to-day our national wealth and our national debts are just about in balance. We balanced that budget, at any rate.

I do not believe that the best way to get out of debt is to get further into debt. I do not believe that we can ever get out of debt by borrowing money to pay our debts. I remarked at a meeting of the Committee on Banking and Currency this morning that I sometimes think it would be a



public service if we should make it a crime to use the word "credit." It is an alluring word. It is soft. It is euphonious. It is as seductive as the siren's song—credit and more credit until you once sign on the dotted line; and from that fated hour forward it is no longer credit. It is debt—debt, with all its evils and with all its agonies.

If we would make it harder for our people to obtain credit than easier, had we done so in the past, it would have minimized the calamities of this day. There is not any doubt but that the easy-credit policy of the Federal Reserve Board in 1927, when it made the discount rate as low as 3½ per cent, invited this disaster.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma further yield to the Senator from New York?

Mr. GORE. I yield; yes, sir.

Mr. COPELAND. I do not believe there is the slightest difference of opinion between the Senator from Oklahoma and myself. Any sane man must object to the sort of credit he has been describing. But what is the farmer going to do who has a mortgage upon his farm and the banker or the holder of the mortgage is seeking to foreclose it? Unless there can be an extension of credit to that farmer, he is in distress.

Many, many thousands of our citizens have equities in homes. They are likely to lose those homes by reason of the fact that credit can not be extended. How does the Senator imagine for a moment that there can be any restoration of happiness and prosperity in the country until there shall be extension of these credits?

How can the merchant in the small town, who heretofore has had a credit at the bank of \$25,000 and now has been cut down to \$10,000, carry on the normal operations of his business—a business which he has carried on in the past by reason of the credit which he has had at the bank?

Those are the credits of which I am speaking. I am not speaking of credits which have resulted in an orgy of gambling, the sort of credits which have been extended and which have made possible the things that have gone on in Wall Street. I am speaking about the sort of credits which would make it possible for the country to resume its normal operations, because in its normal operations there was a well-established line of credit for every man who had business.

That is the sort of credit of which I am speaking; and I am convinced that there can be no restoration of business until such credit is reestablished.

Mr. BAILEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. GORE. I yield.

Mr. BAILEY. Is not this question entirely academic? There is nothing before us relating to it. There is no bill here dealing with it. It is a constitutional amendment that is in the far future. Am I not right about that?

The VICE PRESIDENT. The debate grows out of the request of the Senator from Arizona to present a joint resolution to be referred to the Committee on the Judiciary, and the joint resolution will be so referred.

Mr. BAILEY. And that is all that could possibly happen to the joint resolution?

The VICE PRESIDENT. At this time; yes.

Mr. BAILEY. Very well.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. The Senator from Oklahoma has the floor.

Mr. GORE. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. I desire to bring up another subject. Has the Senator finished?

Mr. GORE. I will yield the floor. On some other occasion I may take the floor to discuss the suggestion of the Senator from New York. I do not think more debt is the remedy for too much debt, yet I appreciate his point that debts constitute the center of gravity of this trouble. For my part I want more and better markets, not more and heavier debts.

#### HOUSE BILL REFERRED

The bill (H. R. 13742) to provide revenue by the taxation of certain nonintoxicating liquors, and for other purposes, was read twice by its title.

Mr. ROBINSON of Arkansas. I ask that the bill be referred to the Committee on the Judiciary.

The VICE PRESIDENT. Is there objection?

Mr. HARRISON. I am very anxious that that order shall be made. It is understood, as I understand it, that the Judiciary Committee is going to study certain features of the measure and report it back, and then it will be referred to the Committee on Finance.

Mr. ROBINSON of Arkansas. That is the anticipation.

The VICE PRESIDENT. Without objection, the bill will be referred to the Committee on the Judiciary.

#### THE EIGHTEENTH AMENDMENT

Mr. GORE. Mr. President, I ask unanimous consent that the resolution (S. Res. 259) for the preparation of constitutional amendments based on the declarations contained in the Republican and Democratic National Convention platforms respecting prohibition, submitted by me on June 30 (calendar day of July 5), last, be taken from the table and referred to the Committee on the Judiciary.

There being no objection, the resolution was referred to the Committee on the Judiciary, as follows:

Whereas the Republican Party in national convention assembled has declared in favor of modifying the eighteenth amendment to the Constitution; and

Whereas the Democratic Party has in like manner declared in favor of repealing the eighteenth amendment to the Constitution; and

Whereas it will soon become the duty of Congress to consider the question of submitting one or the other or both of such proposed amendments to the people of the several States for ratification or rejection: Therefore be it

Resolved, That the Judiciary Committee be directed to prepare and report to the Senate two constitutional amendments, one based on the declaration contained in the Republican national platform respecting the eighteenth amendment, and the other based on the declaration contained in the Democratic national platform respecting said eighteenth amendment.

#### VERDE RIVER IRRIGATION AND POWER DISTRICT

Mr. ASHURST. Mr. President, more than five months ago the Verde River Irrigation and Power District, organized under the law of Arizona, applied to the Reconstruction Finance Corporation for a loan, but so far as I am advised the loan has not been granted. I ask leave to submit the following resolution, which I ask may be read and referred to the Committee on Banking and Currency.

The resolution (S. Res. 309) was read and referred to the Committee on Banking and Currency, as follows:

Resolved, That the Reconstruction Finance Corporation be, and is hereby, requested to report to the Senate whether any loan had been made by the said Reconstruction Finance Corporation to the Verde River Irrigation and Power District, organized under the laws of Arizona, and if not why not?

#### ADDITIONAL FOREIGN MARKETS

Mr. COPELAND submitted the following resolution (S. Res. 310), which was referred to the Committee on Commerce:

Resolved, That the Committee on Commerce is directed to consider whether it would be feasible and advisable to establish a joint committee of Congress to investigate the possibility of creating additional markets for American industrial and agricultural products in foreign countries, particularly in India, China, and other Asiatic countries, and to make recommendations to the Congress with respect to appropriate methods of stimulating the sale of American products in foreign countries. The committee shall report to the Senate as soon as practicable, but not later than the expiration of the second session of the Seventy-second Congress, the results of its deliberations, together with its recommendations.

#### SUSPENSION OF EXECUTIVE ORDER RELATING TO VOCATIONAL EDUCATION

Mr. NORBECK submitted the following resolution (S. Res. 311), which was ordered to lie on the table:

Whereas on June 30, 1932, the Congress enacted provisions for the reorganization of executive departments and to accomplish the purposes as set forth in section 401 of Title IV, Part II, of the act authorizing the President of the United States by Executive

order to transfer executive agencies to and from departments and to designate titles and duties of officials connected therewith; and

Whereas on June 7, 1932, certain amendments to the act of June 30, 1932, were approved by the Senate with the expressed intention of excluding the Federal Board for Vocational Education from the group of executive agencies included in Title IV, sections 403 to 407, inclusive, of the act of June 30, 1932; and

Whereas the expressed intention of the Senate in approving this amendment is clearly shown on page 12156 of the CONGRESSIONAL RECORD of June 7, 1932, in the statement of Mr. BRATTON (a member of the Senate Economy Committee), "Mr. President, as a member of the committee—and I think I voice the views of the other members—I may say it was not intended to abolish vocational education. It was not intended to merge that service into any other department or bureau \* \* \*": Therefore be it

*Resolved*, That the Executive order dated December 9, 1932, ordering "the administrative duties, powers, and functions of the Federal Board for Vocational Education which are hereby transferred to the Office of Education, and the board shall serve in an advisory capacity to the Secretary of the Interior," be, and the same is hereby, disapproved in accordance with the provisions of section 407 of Title IV of Part II of the act approved June 30, 1932.

Mr. NORBECK. Mr. President, I have to-day introduced Senate Resolution No. 311 to suspend the effect of the Executive order, bringing the Vocational Education Board and work under the Secretary of the Interior.

Mr. President, the message of the President of the United States dated December 9, 1932, transmitting Executive orders for the consolidation and grouping of education, health, and recreation activities in the Department of the Interior, provides on page 29 that "the administrative duties, powers, and functions of the Federal Board for Vocational Education which are hereby transferred to the Office of Education, and the board shall serve in an advisory capacity to the Secretary of the Interior."

The intent of Congress with respect to the continuance of the Federal Board for Vocational Education, with the full exercise of its functions, is clearly set forth in the CONGRESSIONAL RECORD of June 7, 1932, page 12155, during the discussion of the so-called economy act, as follows:

Mr. NORBECK. Mr. President, among other powers conferred upon the President in the way of consolidation there is one relating to education. The question has been raised whether that would place the Board of Vocational Training under one of the Cabinet officers, whether it meant standardization and centralization of education to the point where a board composed partly of Cabinet officers might become a bureau under another Cabinet officer. I address myself to some member of the committee that drafted the measure to see what it really refers to. Can the Senator from New Mexico answer my question?

Mr. BRATTON. Mr. President, as a member of the committee—and I think I voice the views of the other members—I may say it was not intended to abolish vocational education. It was not intended to merge that service into any other department or bureau. \* \* \* [naming various educational bureaus that might be consolidated] \* \* \* The object the committee had in mind was to authorize a coordination of these various services but it was not intended to abolish vocational education.

Mr. NORBECK. Nor to place that board under another department?

Mr. BRATTON. No; that was not intended.

Mr. NORBECK. I thank the Senator from New Mexico.

Senator BLAINE then introduced an amendment to the economy bill to definitely carry out the expressed intention above quoted. This amendment, in substance, was adopted without a dissenting vote. Preceding the adoption of the amendment, I again quote from the CONGRESSIONAL RECORD of June 7, 1932, page 12156.

Mr. BRATTON. \* \* \* It was not our purpose to disturb vocational education nor to abolish it. We had other services in mind. So far as I am concerned I am willing to accept the amendment which will carry that thought into execution.

The order of the President transferring the Federal Board for Vocational Education to the Department of the Interior is not in accord with the expressed intent of Congress as shown by the excerpts from the RECORD of June 7, 1932. Furthermore, I do not believe such a transfer would come within the declared policy of Congress as expressed in the economy act of June 30, 1932.

Mr. President, I have a brief, prepared by Paul M. Chapman, of the State College of Agriculture, Athens, Ga., reviewing this matter. Mr. Chapman has been one of the

strong forces in the promotion of vocational education and, incidentally, in the legislation to protect same. I ask that same may be printed in the RECORD.

The VICE PRESIDENT. It is so ordered.

The brief is as follows:

#### THE DECLARED POLICY OF CONGRESS

Section 401 of the economy act of June 30, 1932, is quoted to the effect that it is the declared policy of Congress to group, coordinate, and consolidate Government agencies "in order to further reduce expenditures and increase efficiency in government."

To bring any proposed change under the authority of this section it would accordingly seem necessary to introduce evidence that the proposed change will in fact either effect some economy or improve efficiency.

It is not clear in what way, if at all, the proposed transfer of the powers and duties of the Federal Board for Vocational Education to the Department of the Interior will do either of these things.

In this instance, therefore, the proposed transfer does not appear to be in line with any declared policy of Congress or to be within the authorization of section 401 of the economy act.

#### THE "MAJOR PURPOSE" OF THE REGROUPING

The procedures by which the declared policy of Congress to effect economy or improve efficiency were to be realized were specifically designated in section 401. These included grouping Government agencies "as nearly as may be, according to major purpose."

The major purpose justifying the proposed transfer of the Federal Board for Vocational Education to the Department of the Interior in the newly created Division of Education, Health, and Recreation would appear to be education.

It is true that the functions of the Federal board are educational. This educational character of the board's functions is recognized in the composition of the board, which includes the Commissioner of Education as a member. But vocational education is also an economic program, involving the economic interests of labor, of agriculture, and of manufacturing. In recognition of its economic character, Congress in the act creating the board provided that the economic as well as the educational interests involved should be represented on the board. This representative character of the board was determined upon by Congress in response to the widespread and insistent demand of chambers of commerce, manufacturers' associations, organized agriculture, and labor organizations that the administration of the vocational education act should be practical and not be dominated by academic interests.

#### WHY CONGRESS CREATED AN INDEPENDENT REPRESENTATIVE BOARD TO ADMINISTER VOCATIONAL EDUCATION

In the years preceding enactment of the vocational education act of 1917 Congress gave very careful consideration to the nature of the agency to be set up as the Federal agency for administering the act and for cooperation with State boards for vocational education. A summary of the various proposals presented to Congress in 1916 and 1917, and of the reasons which induced Congress to create an independent representative board, was introduced by Representative LAGUARDIA in a speech before the House, April 29, 1932.

It appears from this summary that Mr. Smith, of Georgia, on March 16, 1916, requested to have printed in the RECORD certain resolutions with reference to the vocational education bill which had been reported with the unanimous approval of the Senate Committee on Education and Labor, providing for a board of control consisting of Cabinet members. This bill had been submitted to the department of superintendence of the National Education Association, the American Home Economics Association, and the educational committee of the American Federation of Labor. These organizations through committees had given careful study to the bill, and had indorsed it with exception that they favored a board of control different from that proposed in the bill. Mr. Smith asked that the following resolutions from these organizations be printed in the RECORD:

#### RESOLUTIONS

[From department of superintendence, National Education Association, February 24, 1916]

"*Resolved*, That the department reaffirms its approval of Federal aid to vocational education as proposed in the Smith-Hughes bill and now before Congress. It believes, however, that the work to be done is so important and so diversified as to require the creation of a Federal board to administer the act, who shall give their undivided attention to the subject and who shall be representative of the educational interests to be served."

[From American Federation of Labor]

"*Resolved*, That the executive council of the American Federation of Labor indorse the Smith-Hughes bill for industrial education with the declarations made by the National Society for the Promotion of Industrial Education as contained in the quoted parts of the letter to Congress of January 27, 1916."

[From American Home Economics Association, February 25, 1916]

"The American Home Economics Association, assembled in Detroit, reaffirms its approval of Federal aid to vocational education as provided for by the Smith-Hughes bill, recommended by



the President's Commission on National Aid to Vocational Education and now before Congress.

"The association believes, however, that the ends to be served are so important and so diversified as to require a Federal board, the members of which shall give their undivided attention to the administration of the act and shall be representative of the interests to be served."

The following excerpts, introduced by Representative LA GUARDIA, from the CONGRESSIONAL RECORD of 1916 and 1917, summarize briefly the subsequent discussion in Congress and the reasons which induced Congress to set up an independent representative board:

[Sixty-fourth Congress, second session, vol. 54, pt. 1, pp. 720-721, December 11, 1916]

"Mr. POWERS. In other words, if this board should be composed of educators as suggested, with the Commissioner of Education, of course, himself an educator, it would be within the power of the board to allot the entire \$200,000, or any part of it it might deem proper, to the Bureau of Education to make these investigations. Those of us who are afraid that a Federal board would be appointed largely of educators believe that this section 6 should be so amended that the great industries of this country, that the bill proposes to try to reach and help, should have representation on the board, and that they should be called in from the fields of agriculture, and that the commercial interests should be represented. The purpose of the bill is to reach and prepare the students for useful employment. That is the idea of it; that is the foundation of it; that is the reason of its existence."

[Sixty-fourth Congress, second session, pt. 1, pp. 175, 176, 177, December 11, 1916]

"Mr. LENROOT. \* \* \* I wish to discuss it now rather than to wait until the bill shall actually come before us for consideration, because I think it is a matter of such importance that the success or failure of this bill when it is enacted into law will depend very largely upon how Congress shall deal with that fundamental point, and I sincerely hope that between now and the time when this bill shall be actually considered by us the membership of this House will give serious consideration to the matter that I propose to discuss. That matter is the method of the organization of this Federal board."

"As Doctor Fess has stated, the Senate bill provides for an ex officio board composed of five members of the Cabinet. The House bill provides for a board consisting of five members, four of them to be appointed by the President of the United States, no more than two of whom shall belong to the same political body, and the fifth member, the Commissioner of Education, who shall ex officio be a member of the board. Now, to my mind, neither of these systems or methods will bring about the result that ought to be gained by the enactment of this bill. There are only two grounds upon which Federal aid for this purpose can to my mind be justified: One, to secure the establishment of practical standards of vocational education; second, to stimulate the States by Federal aid to accept these standards. I have no sympathy with the view sometimes expressed that the Federal Government should aid the States in carrying the burdens of vocational education. On the contrary, any State that to-day has any practical system of vocational education can well afford to continue it out of its own funds, for there is no expenditure that the State can make that will bring better or larger returns to it than a practical system of vocational education. But it is necessary to establish practical standards, and in order to secure the adoption of those standards it is necessary that Federal aid such as is proposed in this bill be given."

"Now, the House bill provides that the Commissioner of Education shall ex officio be the chairman of the board; that four members shall be appointed by the President. And I am afraid that that is going to mean that the fixing of these standards and the control of this subject will be in the hands of general educators rather than in the hands of practical men. And I want to say very frankly that I do not believe general educators are qualified to fix standards for vocational education such as we ought to have in the United States. It is no reflection upon any general educator when I say that any more than it might be considered to be a reflection upon me if some one should say that I was not qualified to perform a surgical operation."

"In the fixing of these standards we will agree that they should be practical standards. They should be standards such as, when adopted by the State, are going to result in training boys and girls for vocations. Is that going to be secured unless those standards are passed upon by practical men? If not passed upon by practical men they will be fixed by an examination in the field, in the first instance, by trained men it is true, college graduates, trained investigators in getting raw material, but who have never had any practical experience in industry or in trade. They in turn will send their reports in to the Bureau of Labor or other department, as the case may be. That raw material will be interpreted by experts who have never had any practical experience; and, finally, general educators through these channels will fix the standards, and they themselves are not practical men in these lines. So we have theory from beginning to end as against the fixing of standards by practical men. So it is my purpose at the proper time to offer an amendment providing, as the House bill provides, for five members of this general board, the Commissioner of Education to be a member ex officio, 4 members to be appointed by the President of the United States, but with the qualifications that 1 of those members shall be representative of labor, 1 of them representative of manufacturing, 1 representative of commerce, and 1 representative of agriculture. And

I want to say, Mr. Chairman and gentlemen of the committee, that this method, which I shall at the proper time propose, is not only indorsed but it is urged by the United States Chamber of Commerce, by the National Association of Manufacturers, and by the American Federation of Labor."

"Mr. LENROOT. Coming back to where I was interrupted, where I was stating that the method I proposed has the indorsement of the National Chamber of Commerce, the National Association of Manufacturers, and the American Federation of Labor, I want to suggest that if upon any question the American Federation of Labor and the National Association of Manufacturers can agree, it is a matter of very serious consideration for the membership of this House. With reference to the United States Chamber of Commerce, the Members of the House no doubt have received a pamphlet from them where the chamber of commerce specifically asks for the amendment of the bill in the certain particulars that I propose to offer as an amendment here. The National Association of Manufacturers has adopted a resolution declaring that, in their opinion, that board should be made up of the interests specially to be advanced—labor, employment, and education. The American Federation of Labor in its report to the executive committee made at their annual convention last month used this language:

"We had hoped that the provisions of the act relative to the board would have been changed so that the Secretaries of the several departments of Agriculture, Interior, Commerce, and Labor would not have been delegated as the board. We felt that their duties are already altogether too onerous and too complex to have this additional responsibility thrust upon them. There is in addition a double danger in having department secretaries serve as the Federal Board for Vocational Education—first, administrative changes, and it has happened in the past that sometimes Cabinet members have been changed several times during an administration. This objection in itself should be sufficient for us to object to the Federal Board for Vocational Education being so constituted. The second objection is a more serious one, namely, that of the possible injection of partisanship into the administration of this new field of educational effort."

"It is our opinion that this new board should be composed of representative men but not partisan representatives of the administration in power. Its personnel should represent the great fundamental activities of life, namely, agriculture, labor, commerce, industry, and education, and the local advisory boards should be equally representative, so that the human activities of the Republic could feel assured that experienced, tested men from their own vocations, such as labor, commerce, agriculture, industry, and education, should be fairly and efficiently represented."

"It is our opinion that when this measure is once launched it should be directed along proper channels at the start. If we permit politicians to direct its energies, there is a danger that it may become a mere political adjunct of the party in power. If we permit the present academic educational group of the Nation to dominate, the whole force and virtue of genuine vocational trade training will be in danger of being lost sight of, and the Nation's appropriations will probably be misdirected along minor lines of endeavor, such as manual training, amateur mechanics, and other trifling, impractical, valueless schemes. Neither can we afford to permit this great measure to be overweighted by any special trade, commercial, or vocational interests. The agriculturists should not predominate, neither should the commercial or even the labor and industrial interests. We should insist that the board be properly balanced to start with and that the interest of each of the great divisions of activity should be fairly and properly conserved, and unless we are otherwise instructed by this convention we shall make endeavors to change the proposed law according to the lines herein laid down."

"That, Mr. Chairman, is the view of the American Federation of Labor. Now, I submit that the views of the manufacturers and of labor, when they agree upon a proposition like this, are entitled not only to weight in this House, but in a matter of this kind ought, it seems to me, to control, rather than the views of the general educators, who very humanly desire to have for themselves all the power that they can get. It is no reflection, as I said a moment ago, upon the general educators that they desire this power; but if this is to be a workable and successful measure, as I hope it will be, we ought to do everything within our power to make it practical in every sense of the word."

[From the CONGRESSIONAL RECORD, pp. 769-770, January 2, 1917]

"Mr. BORLAND. Is not a board a rather clumsy method of doing business?"

"Mr. FESS. No; not if it is a small board."

"Mr. BORLAND. There is a tendency to create more boards than we really need. In fact, I very gravely doubt—and it is my one doubt about this bill—whether we need this Federal education board, and whether it would not be entirely better and more efficient and appropriate to have it managed by the Federal superintendent of education or Commissioner of Education."

"Mr. FESS. I think the work is so very comprehensive that it ought to have a board of managers well equipped for this particular work."

[From CONGRESSIONAL RECORD, p. 3426, conference report No. 1495, February 16, 1917]

"The measure as it passed the Senate provided that the Federal Board for Vocational Education be composed of the Postmaster General, the Secretary of the Interior, the Secretary of Agriculture,



the Secretary of Commerce, and the Secretary of Labor, and the board was authorized to select an advisory board of seven members. A number of experts and specialists were also authorized to assist the board.

"The measure as it passed the House provided for the appointment by the President of a representative of manufacturing interests, a representative of commercial interests other than manufacturing, a representative of labor, and a representative of agriculture to act with the United States Commissioner of Education as a board of five to administer the act, and provided for the employment of such assistants as might be necessary.

"The provision agreed to by the conferees is a blending of the two proposals, so that the new system is to be linked with the Government by the designation of the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, and the Commissioner of Education as ex officio members of the board, and the appointment by the President, with the advice and consent of the Senate, of a representative of the manufacturing and commercial interests, a representative of the agricultural interests, and a representative of labor to act with them as members of the board.

"The House receded from its amendments to the bill, which had the effect of merely 'authorizing' the appropriations, and the appropriations are definitely made in the bill as reported from conference."

The major purpose of vocational education is to provide vocational training for our boys and girls and adults of all ages engaged in or preparing for entrance into agricultural, trade, industrial, commercial, and home-making pursuits. It is vitally essential for the promotion of this program that these fields of economic activity be represented in the administration of the Federal act. Closer association with those who are primarily interested in academic education will not compensate for the separation of relationships with the economic interests involved, and for abolition of representative control. Vocational education in this country could not have developed under academic control, and it can not continue with unimpaired efficiency except by maintaining those intimate contacts with the economic interests involved, which it is now proposed to sever by immediate transfer of functions and eventually by legislation abolishing the representative board.

#### OVERLAPPING AND DUPLICATION OF EFFORT

The President notes a second procedure by which Congress proposed to effect economy or improve efficiency under section 401, namely, by elimination of overlapping and duplication of effort.

No other agency of the Government is charged with the duty of promoting vocational education or vocational rehabilitation of persons disabled in industry or otherwise. No overlapping or duplication of effort can develop in the performance of these duties, which are entirely unique in character. The promotion of vocational programs in the States and local communities is effected under statutory provisions for cooperation of the Federal board with State boards for vocational education. No other agency of the Government is in any way whatever involved in this cooperation with State boards, except in so far as other Government agencies—the Departments of Labor, Commerce, and Agriculture, and the Office of Education being specifically designated—may cooperate with the Federal Board for Vocational Education in the conduct of studies, investigations, and reports to aid the States in developing their programs. This cooperation of departments of the Government with the Federal Board for Vocational Education would be made more difficult by transfer of the board's staff to a division in the Department of the Interior and abolition of the Federal board.

#### ESTABLISHMENT OF A DIVISION OF EDUCATION, HEALTH, AND RECREATION IN THE DEPARTMENT OF THE INTERIOR

The composition of the division of education, health, and recreation proposed by the President to be established in the Department of the Interior is indicated in the President's message as follows:

"I have established a division of education, health, and recreation in the Department of the Interior and have designated that one of the assistant secretaries shall be called 'Assistant Secretary of Interior for Education, Health, and Recreation,' and have transferred to that division the following organizations and functions:

- "1. The Office of Education, now in the Department of the Interior.
- "2. Howard University, now in the Department of the Interior.
- "3. The Columbia Institution for the Deaf, now in the Department of the Interior.
- "4. The American Printing House for the Blind, which is transferred from the Treasury Department to the Office of Education.
- "5. The administrative duties, powers, and functions of the Federal Board for Vocational Education, which are transferred to the Office of Education, and the board shall serve in an advisory capacity to the Secretary of the Interior.
- "6. The Bureau of Indian Affairs, now in the Department of the Interior.
- "7. The Public Health Service, which is transferred from the Treasury Department to the Department of the Interior.
- "8. The Division of Vital Statistics, which is transferred from the Bureau of the Census, Department of Commerce, to the Public Health Service in the Department of the Interior.
- "9. St. Elizabeths Hospital, now in the Department of the Interior.
- "10. Freedman's Hospital, now in the Department of the Interior.
- "11. The National Park Service, now in the Department of the Interior.

"12. The national parks, monuments, and cemeteries, which are transferred from the War Department to the Department of the Interior."

#### POWER TO SERVE IN AN ADVISORY CAPACITY TO THE SECRETARY OF THE INTERIOR

The President proposes in paragraph 5, quoted above, to direct by Executive order that the Federal board shall serve in an advisory capacity to the Secretary of the Interior.

The Federal board has no statutory power to serve in an advisory capacity to any executive or administrative agency. This Executive order, therefore, proposes to reserve to the board a statutory function which it does not possess, namely, the power of advising an independent Federal executive. The only powers which the board has, namely, those which it is authorized to exercise as the Federal agency of cooperation with the States in promoting their State and local programs of vocational education, are to be conferred by Executive order upon the Secretary of the Interior, to be exercised by him through an Assistant Secretary of Education, Health, and Recreation in the Office of Education, provisionally with the personnel of the board's staff.

Incidentally it may be noted that these powers so transferred necessarily include the judicial as well as the purely administrative powers of the board, since only so-called "advisory" powers, which it is assumed the board has, are reserved to the board. Such a transfer of judicial powers to an executive agency is inconsistent with the fundamental principles of separation of judicial from administrative functions in accordance with which the regrouping of agencies has been proposed.

It is stated (page 1 of the message) that under the orders issued the administrative functions of many commissions have been "placed under various departments, the commissions retaining their advisory functions only." The separation of powers in the Executive order as "administrative" and "advisory" is, in the case of the Federal board, purely factitious. It is apparently made in consideration of the limitation placed upon the Executive in the provision of the economy act that statutory boards may not be abolished by Executive orders.

Furthermore, the creation by Executive order of "advisory" functions for the Federal Board for Vocational Education would appear to be of doubtful legality. The functions of the Federal board, administrative and other, as defined in the fundamental act creating the board, relate entirely to the development of State and local programs of vocational education under cooperative arrangements with State boards for vocational education. They are, and must be, exercised with and through the board's staff in dealing with and assisting State boards. To order that the Federal Board for Vocational Education shall henceforth act in an "advisory capacity" to the Secretary of the Interior would appear to be in contravention of these provisions of the fundamental act defining the powers of the board as an agency of cooperation with the States.

To sum up: The board has no statutory authority to act in an advisory capacity to any executive agency of the Government. No such power, therefore, can be reserved to the board to act in an advisory character to the Secretary of the Interior. An act of Congress would seem to be required to authorize the Federal board to act in an advisory character to any independent executive agency of the Government.

#### ASSUMPTIONS MADE IN JUSTIFICATION OF THE PROPOSED TRANSFER

First. Assumption that "the function of the Federal Government in respect to education is principally that of research and the dissemination of the results thereof to assist State and local governments to a better and more uniform performance of their duties in the administration of educational systems." Page 24.

The conduct of research and dissemination of the results thereof to aid the States in one field of education is one function of the Federal Board for Vocational Education. It is not, however, the "principal" function of this board, nor does the field of vocational education coincide with or overlap the field of general or academic education.

Principally the board functions through its staff as a service agency to aid the States in developing their vocational programs.

In respect to the function of research, however, it is not proposed to bring together in the Department of the Interior all agencies of the Government engaged in research. Presumably the purpose of the regrouping is to bring together only such research agencies as may be expected to derive some advantage in the more intimate administrative association of the several agencies involved; and it is assumed that, since the Federal Board for Vocational Education and the Office of Education both have to do with education, their research activities are more or less related to one another. This assumption is not justified.

There is, in fact, research in many other offices of the Government with which the research of the Federal Board for Vocational Education is much more intimately associated than it is or can be with that of the office of education.

For vocational education the fields of research are in agriculture, industry, commerce, and the home. The Federal act defining these fields of research for the board provides that the studies, investigations, and reports which the board is instructed to make to aid the States "shall include agriculture and agricultural processes and requirements upon agricultural workers; trades, industries, and apprenticeships, trade and industrial requirements upon industrial workers, and classification of industrial processes and pursuits; commerce and commercial pursuits and requirements upon commercial workers; home management, domestic science, and the study of related facts and principles; and prob-



lems of administration of vocational schools and of courses of study and instruction in vocational subjects."

The fields of research designated in the act lie entirely outside the fields of research for general or academic education in which the office of education is primarily interested. For vocational agriculture the field of research is farming and marketing of agricultural products and the results of the technical research of the Department of Agriculture; for vocational trade and industry the field is our manufacturing and mining industries, the job requirements of trade and industrial occupations and processes, and the continuous modification of vocational requirements in consequence of technological and other changes in industry; for commercial education it is our commercial organization, activities, and the job requirements of commercial pursuits; and for home economics it is the broad field of child care, family health, home making, home economy, and home sanitation. These are special fields of research as remote from the fields of general or academic education as are the fields of research for the natural sciences.

Since its organization in 1917, over a period of 15 years of continuous research by the Federal Board for Vocational Education in cooperation with numerous other agencies, including offices and departments of the Federal Government, no proposal of major research has come to the board from and no major research has been conducted in cooperation with the office of education. This is true, although such cooperation was expected to develop and was provided for in the vocational education act by including the Commissioner of Education as a member of the board.

During this period of 15 years the board has cooperated in research work with officers and bureaus of the Department of Agriculture, the Department of Commerce, and the Department of Labor, and with other Government agencies, but in no instance with any office or bureau of the Department of the Interior.

This is not an accident, nor is it the result of any indisposition on the part either of the Office of Education or of the Federal Board for Vocational Education to cooperate with one another. The plain fact is that neither office has over the past 15 years of activity found any single occasion to cooperate with the other, for the simple reason that the fields of research and the interests of these offices are quite separate and remote from one another.

The Federal board has had frequent occasion to use the results of research conducted by many other offices, including the Office of Education, but it has had more occasion to use the results of research conducted in any one of the Departments of Agriculture, Commerce, and Labor, than of research conducted in the Department of the Interior.

The mere fact of conducting and disseminating the results of research without regard to the character of the research certainly does not provide any basis whatever for the grouping of Government agencies. Nor does the fact that the research of the Federal board has in a special sense an educational bearing provide a basis of reorganization with an agency which is educational in a totally different sense. If research is to be taken as a basis of organization, it must be with respect to the cooperation of interested agencies in the conduct of research, rather than to the mere fact of undertaking research and disseminating the results thereof.

Second. Assumption that the administrative functions of the Federal Board for Vocational Education are similar to or in any respect correlated with those of the Office of Education or the Department of the Interior.

The administrative functions of the Federal Board for Vocational Education are expressly defined in the acts administered by the board, principally in the vocational education act of 1917, the civilian vocational rehabilitation act of 1920, and the act of 1929 designating the Federal board as the agency for administering vocational rehabilitation in the District of Columbia.

Under these acts the Federal Board for Vocational Education is vested with specific expressly defined responsibilities. It is required to ascertain annually whether the States are using or prepared to use the Federal money appropriated to them in accordance with the provisions of the acts making the appropriations, and is required further to cooperate with State boards for vocational education—which, it should be noted, have been created or designated in each of the 48 States by State statutes enacted in compliance with the requirements of the Federal act—in the promotion of vocational education and vocational rehabilitation. This promotional work is in very large measure field service rendered by the board and its staff of regional agents.

The board, accordingly, acts as a judicial, advisory, coordinating, and cooperating service agency to assist State boards in promoting their vocational programs under specific statutory provisions.

It will be clear from a mere enumeration of these responsibilities that no similar functions devolve upon the Office of Education or upon any other Government agency. The Office of Education is not a coordinating service agency. It conducts research in the field of education, but it has no administrative responsibilities of cooperation with State or local agencies under any act. It has no authority to cooperate with any State or local agencies.

The services rendered by the Federal board and its staff are the services of specially trained and qualified experts. It is not apparent how any benefit could be derived from any juxtaposition of the board's staff with any office or offices in the Department of the Interior or any other department. Submergence of the staff of the Federal board in a newly created division of the Department of the Interior would only pile up overhead administrative control and render less direct and simple all relations of the board with those State agencies with which it is required to cooperate. Moreover, the complete separation of the board from its staff and the taking away from the board of all its statutory functions except

that of acting in an "advisory capacity" to the Secretary of the Interior (even assuming that the board could legally exercise any such advisory function as is proposed) would tend seriously to impair the efficiency of the service.

Third. The assumption that a statutory board, which may not be abolished by Executive order, may nevertheless be deprived of all of its statutory functions by such an order.

Section 407 of the economy act, requiring submission of Executive orders regrouping governmental agencies to Congress, provides that the President is authorized and requested to proceed with the consolidation of certain governmental activities without the application of this section. Among the activities which may be merged by Executive order without submission to Congress education is designated, but with the express reservation that "the Board of Vocational Education shall not be abolished."

No action affecting the Federal Board for Vocational Education has been taken by the President under this provision authorizing merger without submission to Congress. He has elected to effect the transfers of the duties, powers, and functions of the Federal board by Executive order submitted to Congress under the general provision of section 407 of the economy act requiring such submission except in the case of designated activities. The economy act expressly provides in section 406 as follows:

"Sec. 406. Whenever, in carrying out the provisions of this title, the President concludes that any executive department or agency created by statute should be abolished and the functions thereof transferred to another executive department or agency or eliminated entirely, the authority granted in this title shall not apply, and he shall report his conclusions to Congress with such recommendations as he may deem proper."

Although the President has concluded and recommended to Congress that the Federal board be abolished, he has nevertheless proceeded to transfer its functions in contravention of section 406. Having reached this conclusion, it is not clear what authority remained vested in him to take any action whatever transferring the board's functions. His only recourse, it would seem, was to make recommendations to Congress.

It may perhaps be contended that in some strictly legalistic sense authority may be found for depriving a statutory board—which, as expressly provided in the economy act, may not be abolished by Executive order—of all of its statutory functions—which also, as expressly provided in this act, may not be abolished—and continuing the board as a Government agency deprived of all of its functions, and by this devious procedure avoid technical violation of the express statutory provision that neither the board nor its functions shall be abolished by Executive order.

In considering this procedure it should be borne in mind that, as noted above, the Vocational Board is expressly designated by name as a board which may not be abolished. In this respect the Vocational Board is no different from any other statutory board. No statutory board can be abolished by Executive order, and the only explanation of the designation of the Vocational Board by name would seem to be that Congress intended to leave no possible ambiguity in the act under which the continuance and functioning of the board might be interfered with or prevented by Executive order.

To any except an extremely legalistic mind depriving a board of all its duties, powers, and functions is equivalent to abolishing the board, even though the Government continues to pay the salaries of members of the board.

In this matter the intentions of Congress are made perfectly clear in the economy act. It proposed to reserve all action relating to the Vocational Board to itself, and to protect the board in the full exercise of its functions against any interference by Executive order. One can not avoid the charge of murder by producing the dead body of his victim.

Fourth. The assumption that economy can be effected by the proposed transfer of administrative duties, powers, and functions.

Possibility of economy must, it would seem, be found in (1) reduction of personnel and pay-roll expense, or (2) reduction of office expenditures, as for rooms and equipment, or (3) reduction of services rendered.

It is not apparent that any such economies can be effected by the proposed transfer of functions.

It is true that the salaries of the three appointive members might be saved by abolition of the board, and this very considerable saving may be contemplated by the President in his recommendation that the board be abolished by legislation.

Savings of this character can, of course, be effected by abolishing any executive agency of the Government. Whether in any given instance it is wise public policy to effect a saving by abolishing an established agency of the Government depends entirely upon the services and achievements of the agency and the amount of expenditure involved.

The achievements of the past 15 years in the field of vocational education in this country, under the leadership of the Federal board in cooperation with State boards, are without parallel in the history of education in any country. In the opinion of State officials and educators, who have been associated with and cooperated in effecting these achievements, they must be credited largely to the institution of an independent representative Federal board for administration of the act. Congress in the beginning realized that the success or failure of the act would depend upon the creation of such a board, and the experience of a decade and a half has demonstrated beyond question the wisdom of Congress in this matter. Without such an agency, representative of the practical economic interests involved, vocational education would



have been stillborn, or at best would have died in early infancy smothered in the arms of academic tradition.

A board functioning freely, independently of undue, uninformed, and indifferent or cynical academic control, is even more essential to-day for the continuous success of the program than it was in 1917 for initiation of the program. It is more essential to-day because of the administrative organization built up in each of the 48 States and in Hawaii and Puerto Rico, which would be disrupted by abolition of the established and functioning Federal agency of cooperation, which is the central coordinating administrative agency for the country as a whole. The difference between now and 1917 is the difference between a successfully operating going concern on the one hand, and on the other a paper plan of organization for such a concern. The paper plan may be torn up and the proposed enterprise be abandoned without disrupting any established administrative agencies; but the going concern, with 15 years of successful experience and operation in close cooperation with 50 State and Territorial agencies to its credit, can not be abolished offhand without very serious and far-reaching consequences.

It would seem only reasonable to expect Congress to give very careful consideration to any proposal to reverse a long-established and successful public policy with the objective of effecting insignificant savings.

As regards possibilities of effecting saving in office expenditures for rooms and equipment, no such savings can be effected unless the personnel of the board's staff is reduced, and it is expressly provided in the Executive order that all personnel of the staff of the board shall be transferred with the duties, powers, and functions of the board.

The possibility of economy by reduction of services rendered is not contemplated in the Executive order or in the legislation recommended, except that the order provides that the Secretary of the Interior may, with the approval of the President, by order or regulation, effect further consolidations, eliminations, and redistributions of bureaus, agencies, offices, or activities and/or their functions within the department.

Savings may, of course, be effected by reduction of services being rendered in assisting the States in developing their vocational programs. Whether or not savings should be effected in this way is a matter of public policy. Any saving so effected necessarily means withdrawal of services being rendered, and the same considerations must be taken into account in the matter of continuing the staff of the board as are involved in the question of continuing the board itself. The fundamental fact is that the board can not function independently of its staff, nor can the staff function independently of the board. Both are essential for the successful continuance of the cooperative program developed under the vocational education and vocational rehabilitation acts.

Fifth. The assumption that efficiency will be promoted by the proposed transfer.

Under the arrangement proposed to be effected by Executive order the Federal board would be entirely separated from its staff and set up to act in an advisory character to the Secretary of the Interior.

As has been noted, the Federal board has no advisory powers which it would be authorized to exercise under any arrangement. Its powers are principally judicial and are exercised directly and through the agency of the board's staff under cooperative arrangements with the States for service and for promotion of vocational programs in the States and local communities.

To provide that the judicial functions of the board shall be exercised indirectly through the Secretary of the Interior, acting through an assistant secretary for education, health, and recreation, and finally through an executive in charge of the staff of the board, would seriously complicate the administration of the Federal acts and the whole procedure of cooperation with the States.

Under the arrangement proposed an executive official, the Secretary of the Interior, would be the agency designated to cooperate with State boards for vocational education. These State boards exercise in the States judicial functions similar to those exercised by the Federal Board for Vocational Education; and it would be necessary for the Secretary of the Interior, under the cooperative arrangements with the States, to participate in the exercise of these judicial functions. Questions of policy originating in the States would presumably be referred to the executive in charge of the board's staff and referred by him to the assistant director for education, health, and recreation, and by him to the Secretary of the Interior, and by him to the Federal Board for Vocational Education. Action by the board would follow the same procedure in reverse.

Certainly no improvement of efficiency is anywhere apparent in this procedure. Rather it would seem certain that the involved indirection of the procedures and the purely factitious separation of powers, as "advisory" on the one hand and administrative on the other, would seriously impair efficiency of service.

#### REDEMPTION OF DEFACED BANK NOTES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury transmitting draft of proposed legislation to provide for the redemption of national bank notes, Federal reserve bank notes, and Federal reserve notes which can not be identified as to the bank

of issue, and recommending its enactment, which, with the accompanying paper, was referred to the Committee on Banking and Currency.

#### FINAL ASCERTAINMENT OF ELECTORS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting, pursuant to law, copies of the certificates of the governors of the States of Delaware, Georgia, Kansas, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Oklahoma, Oregon, Texas, Vermont, and Wisconsin of the final ascertainment of electors for President and Vice President in their respective States at the election of November 8, 1932, which were ordered to lie on the table.

#### GOVERNMENTAL EXPENDITURES

Mr. LEWIS. Mr. President, may I intrude to ask the privilege to have printed in the RECORD an address by Col. Robert R. McCormick, made at Rockford, Ill., upon governmental expenditures, both national and international? It is an address which I feel will be of value to the public and to the Congress.

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

#### MUSSOLINI, MOSCOW, OR AMERICA

(An address by Col. Robert R. McCormick, editor and publisher of the Chicago Tribune, at Rockford, Ill., before a group of civic, service, and professional organizations)

Your directors invited me to speak here to-day because of the addresses I have been making on the destructive effects of over-taxation upon our country. At first I hesitated to accept, because I believed that I had exhausted the subject, until my cogitations were restimulated by the insurrection in London.

I use the word "insurrection" deliberately and correctly, because the violence which took place there is not comparable with the riots which have recently occurred in the industrial and mining areas of England.

London occupies a position in England which no one or two cities combined could occupy in America. London is the political capital, London is the economic capital, and London is the center. It is as though Washington, Philadelphia, Boston, and New York were combined at Chicago, with the nerve ganglia, the brains, wealth, and traditions of the Nation centered at that spot, and a revolutionary effort were made to take control of them.

The riots in London did not take place in the slums but at the great national shrines—Trafalgar Square, which commemorates England's world empire, and the Cenotaph, her monument to those who died for their country. An effort was even made to storm Buckingham Palace, the residence of the King, symbol and personification of the Government. It was a serious effort to strike down the nation.

Therefore it seems desirable at this time to recall frankly certain phases of the history of England so as to differentiate our own history and to point out why the conditions which have brought England to her present pass are not duplicated here, though they are falsely used as precedents by those snobbish and sycophantic socialists who call themselves progressives.

One of the greatest events in the history of the world in its effect upon all future generations was the Norman Conquest. A small number of Normans and Frenchmen conquered England, enslaved the population, and divided all the land among themselves. They constituted themselves a dominant ruling class, known at various times throughout history as "the barons," "the nobility," "the aristocracy," and, more recently, "the ruling class." The land they divided among themselves was not land in the wilderness to which they had moved by horseback, by canoe, or by covered wagon; not forest which they had cleared with the ax; nor prairies they had broken with the plow, but the land of other people which they took by force.

Upon these people they imposed a discipline evidenced by Doomsday Book and curfew bell, by king's courts, and by star chambers. It is to the efforts of the conquered people to free themselves or to escape that I call your attention.

Insurrections were frequent and invariably suppressed. The property of individual barons was confiscated in civil wars, and various of the ruling class massacred each other. But always there remained the ownership of the land and the control of the government by the conquerors. The perquisites of the government also were divided among them. Do we not read in history how Queen Elizabeth gave to one favorite, Essex, a monopoly to sell salt, and to another, Raleigh, the North American continent? The various colonies were presented to favorites of various kings, and in these colonies enormous tracts of land were parceled out to lesser men.

Under this system of government England became the world conqueror. The wealth of the Indies was the spoil of the ruling class through the shares of the East India Co., and the wealth of North America was intended for the same people by holdings in the company of Hudson Bay.



Ownership of land and other property was maintained in a few hands by the system of primogeniture, whereby the eldest son inherited all property. In contrast to our American practice, whereby all men can improve their lot and the brilliant reach any rung in the ladder of success, none could rise and many must sink. The younger sons inherited only government jobs and a spirit of jealousy, and were forbidden by tradition to establish their fortunes by work.

Land hunger became congenital in the people.

With the arrival of the industrial system, coal was found under the soil of some estates; under others, tin and iron. One feudal tenure became the site of Westminster in London, enriching its owner beyond capacity to appreciate, while other lands of nobles containing no valuable minerals or having no commercial value merely impoverished their owners, a development which engendered jealousy among the not disinherited.

Now, in spite of the fact that church bigotry forbade trade for gain and that laws like our present statutes in restraint of trade are found in the dawn of history, commerce and industry were not extinct even in the dark twilight of the Middle Ages. A band of monks conducted the steel yard in London, whose charter antedates written records. Slowly trade progressed and gained in power. Other cities bought charters from their tyrants. London joined Simon de Montfort in war against Henry III, and was the soul and heart of the rebellion against Charles.

It was then the English said: "What are the lords of England but William the Conqueror's colonels? And the barons but the majors? Or the knights but the captains?" And they declared that they would "set themselves and their heirs free from the usurped superiority of the Norman race, who had now lost the power of the sword, their only title to rule over the English; the king and lords must go; individual merit should be the sole road to greatness."

But this rebellion failed, like all the others, and the Normans ruled over the English as before.

Coming into the eighteenth century, the aristocrats still ruled, but the merchants now held the economic power and conducted a great banking system. Great trading companies arose and rich industries.

As our period rolls in, from the speeches of parliamentary leaders we learn of a medieval ownership of land; a medieval control of government; a medieval social hierarchy, and an extraordinary agglomeration of wealth and poverty; old animosities and new animosities; of descendants of the Saxons rebellious toward those of Norman blood; of rich bourgeois jealous of ancient ancestry; of younger members of the aristocracy especially resentful of the wealth of the merchants, the manufacturers, and the bankers.

During the Great War bitterness was added to this because of the blood baths endured by the civilian soldiers in Flanders under command of hereditary officers, and a failure to repeat on land and sea the decisive victories that had characterized England's former wars on the Continent and justified her ruling class in exercise of its functions.

Now, at last, pent-up animosities of centuries overcame age-old discipline. Politicians, some from the lower classes (for classes still exist in England), some from the impoverished factions of the aristocracy, some mere timeservers, devised the land tax, the progressive income tax, and the progressive estate tax for the express purpose of impoverishing the rich, claiming to believe that in this way they could enrich the poor.

The first result was a political fairland. Huge revenue came to the hands of the officeholders, available for all the corruptions of politics and even more desirable in England than here, because in England, strange survival of old traditions, a humble and subdued press does not venture to investigate the conduct of the class that rules.

What a travesty! The cold hatred of the Saxon serf working hand in hand with the political exploiter to sap the base of Britain's financial structure, and the pair of them covered from detection by a tradition of literary degradation!

Almost immediately they imposed income taxes so great as to cripple buying power, prevent the introduction of new machinery, and even the adequate upkeep of the old. The proceeds of estate taxes, the capital of the nation, were not used to pay the national debt or even set aside to be invested in socialistic enterprises doomed to failure, but were squandered in each year's budget on a horde of nonproductive activities for the benefit of the favorites of the new government and on doles for the idle and the shiftless, an element of the population inherited from the generations of privilege and for which the new socialism does not try to find occupation.

Each year showed a deficit which even the falsification of Government bookkeeping could not entirely conceal, and each year's deficit was succeeded by further drafts upon England's waning capital and vanishing credit.

According to F. Britten Austin, writing in the Saturday Evening Post:

"In the decade before the war the average British net income available for reinvestment overseas was £150,000,000. In these last five years it has been £114,000,000 in 1927, £137,000,000 in 1928, £103,000,000 in 1929, £28,000,000 in 1930, and in 1931 there was actually a deficit of £110,000,000. The total amount of the new money raised in the capital market of the United Kingdom—which includes, of course, foreign money invested via London—

was only £89,000,000 in 1931, compared with £236,000,000 in 1930, £254,000,000 in 1929, £362,000,000 in 1928, and £315,000,000 in 1927.

"At least equally destructive have been the confiscatory death duties imposed on large fortunes. Twenty per cent on estates of £100,000, they are 40 per cent on estates of £1,000,000, and 50 per cent on estates of £2,000,000 or more. This crippling levy, of course, entails a forced sale of assets, often not easily realizable, and in the case—which frequently happens—of a large estate passing by death within a short period the estate is virtually annihilated.

"The state gets a chunk of capital to throw into its melting pot, but it loses forever a revenue producer. For the past three years the yields from these death duties have been between £70,000,000 and £80,000,000 a year; of which 64 per cent has been derived from fortunes of £100,000 and over—that is, once productive capital to the amount of roughly £50,000,000 per annum has been annihilated in rations of from 20 to 50 per cent.

"It is beyond the strength of any community to withstand the annual destruction of so much of its accumulated wealth. For the last 12 years capital in Britain has been squandered faster than it has been produced. The inevitable result is seen in the statistics of her foreign trade. Imports—excluding imports for re-export—were £659,168,008 for 1913, and exports for that year £525,253,595. In 1930, on a halved purchasing power of money—that is, an artificially doubled nominal value—they were: Imports £957,139,852, exports £570,755,416.

"The enormous preponderance of imports over exports was only in part paid for by a constantly shrinking revenue from overseas investments; it was much more paid for out of the capital seized from the hands of productive individuals and spent by Government in doles and unproductive social services implying a horde of bureaucratic and economically sterile officials.

"In this current year, for the items of education, health, labor, and insurance alone, the British Government has budgeted for an increase of £162,030,000 over the amount scheduled for the corresponding items in the year 1913-14—that is, for amenities provided for the bulk of the population out of the pockets of an infinitesimal minority. And this takes no account of the enormous local and municipal taxation, amounting approximately to one-half of the national taxation.

"No other country has ever put the slogan of 'soaking the rich' into such systematic and continuous operation. It has cost Britain the destruction of her basic industries and her world-wide trade, reflected in an army of workless permanent for the last 10 years. Fallacies are always fallacies. There has been no more magnificent example of killing and eating the geese that should supply the golden eggs."

Last summer England could no longer pay her debts and had recourse to a camouflaged form of currency inflation. English money has now been degraded by about one-third of its value; her silver coins are outlawed in South Africa; and there are no funds with which to pay the savings deposited in the post office. Having forced a reduction in the domestic interest rate on Government securities, the once greatest empire in the history of the world is agitating to repudiate her debt to the nation which saved her from defeat by Germany.

And a constantly growing army of men, compelled to idleness because confiscations of capital have destroyed England's industries, is raging in the heart of her venerable capital.

I have recited what has gone before to emphasize that English circumstances are not at all American circumstances.

At different times your ancestors and mine fled from the injustice, tyranny, and oppression of Europe and settled in a new world. As I have said, "Let us examine the motives which guided the discovery and settlement of this world."

"Christopher Columbus did not sail across the ocean in order to earn a reasonable and adequate return upon the fair cash value of the *Santa Maria*, he crossed the ocean in search of a fortune.

"The thirteen Colonies were founded by men seeking wealth, as were the other 35 States later.

"The determination of these settlers was evidenced by the way that they endured the horrors of a strange ocean crossing to face the terrors of a savage-haunted continent. The abject poverty of many, if not most, of them was shown by the fact that they paid their fares with seven years of servitude as indentured servants.

"The proprietors wished to duplicate the conditions of the Old World in the New. The settlers would have none of them. They wished to enjoy everything that had been forbidden. They wished to own land and other property, freely and not a limited amount.

"George Washington did not cross the Alleghenies and fight the Indians in order that he might plow an 80-acre farm in Ohio; he crossed the mountains to get rich.

"Do not think that the Revolutionary War came as sudden resentment; it was the climax of a struggle which had been going on from invisible beginnings ever since the Norman Conquest and before.

"The Massachusetts patriots were not only revolting against the stamp tax and the tax on tea, but against the unbearable horde of job holders, against restrictions on their commerce and interference with their manufactures—the very conditions which oppress us to-day. They were joined by the southern colonists, whose ambition to acquire land west of the Alleghenies had been frustrated by Parliament, and who during the Revolutionary War took this land by conquest.



"Our ancestors won freedom with the sword, implemented it in the Constitution, and walled it around with the Bill of Rights.

"Hope and ambition replaced despair and resentment. The great rise in civilization began.

"They repulsed the English invasions; curbed the savages; expelled the Spanish, French, and Mexicans; settled the land; opened the mines; built the factories; laid out the railroads; devised legal and financial methods for trade and industry; and overcame the plagues.

"American commerce covered the oceans. American pioneers flocked across the mountain barrier, spread over the plains, bridged the rivers, penetrated the western deserts, took possession of Alaska and the Hawaiian Islands, and before the spirit of recession set in captured the Philippine Islands, freed and educated their natives.

"Americans who remained in place were no less enterprising than the merchants and the pioneers. Under the patent law, which extended the right of property to the products of the brain, inventions multiplied for the benefit of mankind. So prolific were the liberated minds that they produced for common use, for the amelioration of conditions, countless instruments that were improvements upon and additions to those which the historically privileged had developed for themselves alone.

"The hand press and hand typesetting have been replaced in turn by the horse press, the steam press, the motor-driven press, the linotype, and stereotype. Reading, once the privilege of the exclusive few, is practically free for the multitude, while the printing industry furnishes employment to greater numbers than the total literate population of a previous generation.

"On the farm the hand pump had so long given way to the wooden windmill, to the steel windmill, to the gasoline engine, and the electric motor that many of us had to travel to France as soldiers to find out that the Old Oaken Bucket was not merely a song. 'Over there,' in defending or taking the French chateaux, we found out that the sons and 'daughters of a hundred earls' possess fewer creature comforts than American farmers and skilled workmen.

"An extraordinary revolution, so long accomplished as to be forgotten, was that agricultural machinery and railroads with their adjuncts, cattle cars, and refrigeration, made farming a money-earning enterprise for the first time in the history of the world, and also raised the masses of Europe from their condition of semi-starvation.

"How is it that such a magic rise in the lot of mankind was stopped and humanity has been definitely headed back to the previous condition of want and misery?"

The first explanation is the war boom and war extravagance. Unheard-of and temporary profits came during the years of war before we were involved. These profits, which should have been saved for a rainy day, instead were capitalized, creating an illusion of wealth that did not exist. On this illusion were based our war expenditures, our war taxes, and also our postwar expenses and the postwar taxes which are now dragging us down, as England's revolutionary confiscations have borne down England.

In fairness to our politicians be it said that until last winter they were no more culpable than the rest of us. They did not misunderstand conditions any more than the bankers or the business men. Taxation did not seem to be overpowering before the bubble burst. It was only then perceived that as values had been ephemeral, assessments based upon them had been false; that a large part of what had been considered income was merely a turnover on a temporary rise in capital prices; that tax upon it was a capital levy which was not returned when prices sank back to normal; and that while we believed that our public bodies were taking a fairly large share of the national income, they were actually consuming our capital accumulations. It was only, therefore, after the fallacy of our supposed wealth had become known that the conduct of tax-raising officials toward the Nation was seen to be lethal.

Politics has always been the art of spending tax money to build political machines. In the boom days it was widely used to buy votes by groups and communities. Since reduction of taxes would deprive the officeholders of this most dependable political weapon, some pretext must be found to maintain taxes at a rate the Nation could not support, or these corruption funds must be abandoned.

Consequently, recourse was had to the steam-heated socialists who centered in Greenwich Village, but whose "cells" range as far as the Bad Lands and the Staked Plains; who scorn the history of the patriots and the pioneers as dull; scoff at the political philosophy of George Mason, Jefferson, and Lincoln as bourgeois, at the law of John Marshall and the economics of Alexander Hamilton as "merely American" in order to inebriate themselves in the slush of Engels, Gorki, and Marx, and felicitate themselves that they are so much better than Americans as to be almost as good as the leaders of Europe's proletariat revolutions!

These mental dope fiends and their gigolo magazines furnished our politicians with a mythology which discarded American history and set up in its stead a falsely pretended resemblance between American and European historical, economic, and social conditions.

It was under the dominance of these boulevardier intellectuals that the last Congress doubled the tax rates and halved the

revenue, and the guiding motive of the leaders was the breakdown of our Government and of our industrial system.

It still is.

If I have just used strong language, it is not only because we are facing a crisis but to call attention to facts which have not been generally realized.

That a people who escaped from Europe, broke their shackles by war, forbade titles of nobility in the Constitution of the Nation, abolished primogeniture, and opened equal opportunity to all and the topmost rungs of achievement to the able and industrious should be assailed as the personification of all it has overcome is occasion for words of sharp censure.

Moscow or a Mussolini may be the alternatives in Europe, but not, pray God, in America.

There is another alternative here. It is to renounce these foreign doctrines and continue our development along the lines which have made America the most prosperous and happy land the world has ever seen.

The time has come for a patriot movement.

#### BIMETALLISM OR COMMUNISM

Mr. WHEELER. Mr. President, I ask leave to have printed in the RECORD an address by T. E. Howard, chairman of the board of directors of the National Farmers Union, over the National Broadcasting System, on August 27, 1932, on the subject of Bimetallism or Communism.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of this great radio audience, it is not a far cry from the subject of beans, bread, and bacon, to the subject of remonetization of silver. The fact of the matter is, there is such a relationship, and they are so definitely woven together in the present economic chaos that it becomes necessary to discuss them all in common.

#### SILVER DRAWS CONSUMER AND PRODUCER TOGETHER

I shall attempt to discuss them in an understandable way, to the end that those who are interested in securing beans, bread, and bacon, and also those who have produced the beans, bread, and bacon may properly understand what remonetization of silver means, and that these two groups have something very much in common.

This Nation seems to be sold on the idea of a metallic base for our currency, or money system, as some call it, but instead of having a great, broad base of both gold and silver, we have allowed silver to be demonetized and to be on the market strictly as a commodity. If the business of the world could be conducted entirely with gold or the currency based on gold bullion, no one except silver miners would be interested in this subject. Silver might continue its downward sweep, even to the value of lead, but under the single gold standard it would require a new discovery of gold equal to the Klondike, Cripple Creek, Comstock, and Rand combined to lower the present high-priced dollar to an honest basis.

#### WHAT IS MONEY?

The Farmers' Union, three years ago, sent a young man to Denmark to study the cooperative and economic system of that country and was amazed to find a well-defined and pronounced philosophy of what money is. After traveling for two or three days in the rural sections he asked his young interpreter how it happened that every farm home glistened in its coat of new paint; that all the yards were surrounded by white paling fences, and that although land was extremely valuable, the yard was filled with shrubs, trees, and flowers. He called attention to the fact that when the click of the latch on the front gate sounded at the house, a rosy-faced housewife would appear in white starched apron and bonnet with a smile on her face. He stated to his interpreter that such was not the condition in the United States, and asked his analysis of the difference. The reply holds within it the key to the situation. The interpreter said, "Bah! You American people make me sick. You plan your homes, farms, business, and daily work only on the basis of how much money you may receive. Whereas we plan on the basis of what our labor, our services, or our commodities will in turn purchase and secure for us. What they will obtain for us in commodities, pleasure, education, or culture."

This young Danish farmer had the true concept of what money is—that it is merely a medium of exchange and, under proper, efficient, and honest government, is issued for the purpose of enabling the producer to exchange his extra products for the things he has to have or should have; also for art, culture, and study.

To make the matter clear, I would say the farmer must produce more of any given commodity than he needs. He must exchange his extra commodities for the things he desires. There is no other way for him than to pay all bills with commodities. In the light of present-day business, however, the paint man can not handle wheat. Therefore the farmer can not exchange his extra bushels of wheat for paint, and in recognition of this need, whereby he could exchange his extra pounds, bushels, or tons for the commodities he must have, money, or a medium of exchange, came into existence.

Money is in truth merely a token or emblem of the extra pounds, bushels, or tons of commodities. New wealth. If there are suffi-



cient tokens or emblems to transact the business of a nation and carry on commerce, business is good. If there are not sufficient tokens or emblems, business is bad and we have a depression. We must have a sufficient quantity of tokens or emblems or circulating currency that they or it can be secured with the smallest amount of commodities or the smallest amount of productive labor.

#### WE PAY BILLS WITH COMMODITIES

This is not now the case. Viewing the matter from the farmers' standpoint, we submit to you that the farmers' purchasing power is vested in the commodities he produces. He pays his debts; he pays his taxes; he buys his supplies and he feeds, clothes, and educates his children with his commodities. Let us reverse our past teachings. Money represents new commodities or new productive labor. We actually buy dollars with commodities or with labor and we do not, as we have been taught, buy commodities or labor with dollars.

If in the regular order of business the farmer can, as he did in 1919, purchase \$2 with 1 bushel of wheat, or \$1 with 2½ pounds of butterfat, or \$1 with 3 dozen eggs, by the same methods he could pay a \$300 tax bill with 150 bushels of wheat or pay a \$3,000 mortgage with 1,500 bushels of wheat.

#### CONGRESS PRIMARILY TO BLAME

Now, since the international bank crowd, by the power extended to them by our own Congress, has contracted the currency of the Nation, taking out of circulation so much of the circulating medium or token or emblems, they have thus not only made the dollars scarce, but too high in value.

When the farmer now attempts to pay his \$3,000 mortgage he will have to take 9,000 bushels of wheat to town for that purpose instead of 1,500 bushels. When he goes to the county seat to pay his \$300 tax bill he has to take 900 bushels of wheat to town instead of 150 bushels. If he wants a dollar to buy paint or some other commodity he must take 10 dozen eggs to town instead of 3 dozen, or 8 pounds of butterfat instead of 2. The high dollar has driven the commodities so low that not a farm commodity in the United States to-day returns to the farmer the cost of its production. Thus we see, my friends, that the purchasing power of the American farmer has been destroyed by those who control the issuance of the currency of the Nation, making the dollars scarce and high.

#### WE START THE JOBLESS ARMY

Now, what happened when the farmer's purchasing power was thus destroyed? He could no longer trade at the local store except in the most limited way. Every fifth merchant went bankrupt. The rest of them fired their clerks and put their wives and children to work. The clerks started down the road to look for jobs. Thus an army of jobless men was in the making. When the local merchant could not sell his goods, he could not buy from the wholesale house or the factory. The wholesale houses, therefore, reduced their force, and many of them went out of business. Thus another large group of working men were looking for jobs. The jobless army was growing.

Next came the factories, who could not sell because no one could buy, and factory after factory across the Nation closed its doors and started thousands more of their former employees down the road looking for work. The factories closing down reduced the amount of goods to ship, and thus affected the railroads. They began to take off trains, they closed shops, and sent thousands more of our citizens out to look for food. This never-ending and relentless sweep of unemployment is with us yet.

Foolish employers began to cut salaries and wages of those that had to be retained, and still further reduced the purchasing power of thousands more.

When the farmer could no longer pay his notes and mortgages at the bank, 10,000 banks of the Nation were pulled down over the heads of the communities in which they were located.

#### PLENTY VERSUS POVERTY

Thus, to-day, ladies and gentlemen, we have a sorrowful picture in a land of plenty—a land literally flowing with milk and honey, with genius and scientific development, with facilities of every kind for greater progress, for more prosperity, for happiness to all, but now in the throes of despair. Twelve million hungry men walking the streets and roads of the Nation looking for work; 20,000,000 women and children depending on them, all being fed at the hands of private charity or in bread lines and soup houses. Oft in the dark hours of night many secure an extra crust from garbage cans. This entire disaster which has befallen the American people can be traced to one specific thing—the high and scarce dishonest dollar. The international money racketeers have it within their power, under a single gold standard, to make the dollar scarce and high or to bring the dollar low and plentiful. They made the dollars plentiful and low in 1919, but have been making them scarce and high since 1920. The low dollar is good for the debtor class, and in 1919 we were enticed into indebtedness. The high dollar is good for the creditor, and because a high dollar sets commodity prices low we can not now pay our debts. They thus are taking our farms, our homes, and our business. Literally, we are suffering the curse of Midas.

#### CONGRESS DOES NOT KNOW

If Congress had courage and knew what was wrecking the Nation, they would pass a Federal banking act that would take the entire banking business out of private hands. I do not mean the little community banker is to blame. He is a subject of the big international bankers, the same as you and I. Take the bankers

out of the Government business and put the Government in the banking business.

Since the destruction of silver as a monetary base, and the establishment of gold as the only base on which currency or token, or emblems may be issued, we find that such a scheme lends itself admirably to those without conscience and now in control of the monetary system of this country, to make the dollar scarce but high in value. This scheme places the individual and all business under the control of the creditor group. This scheme does, in fact, place the economic destiny of every man, woman, or child in their control. Ladies and gentlemen, it dictates terms to government.

#### TROUBLE AHEAD

I submit to you that this Nation is in a precarious position at the present time, and that a continuance of the present policy will, in fact, be a bid for intolerance. Intolerance begets intolerance. A hungry man may be reasoned with for some time, but you can not reason with too many, too long, if they have hungry families. Defying the lightning of Ajax does not lighten the thunder's roar.

#### SOLDIER BONUS

Take the soldier boys, for instance; they demand payment for the service they have well performed. Out of work, disconsolate, blasted hopes, and being dispossessed of their jobs and of their homes, they suffer as others are suffering, but are calling on the Government they so valiantly served for the right to work and earn a living. Not securing that, they want the money that is due them. Thousands of them feel that, although they were heroes of yesterday, they are rapidly becoming a disinherited people. These boys should be paid. They should be paid what we owe them immediately, and in new money. Two billion in new money to pay them would make money more plentiful. It would lower the present high-priced dollar. It would go far toward restoring the purchasing power by raising the commodity price level.

Remonetize silver on its right ratio with gold and these boys could be paid. Strange as it may seem, they could be paid in full, and the paying of this debt would place the rest of the people in better shape as well as the soldier boys.

#### PUT THEM TO WORK

The first concern of all thinking patriotic people in this country must be to take the 12,000,000 hungry men out of the bread lines and put them on the jobs that are waiting to be done. How best can this be accomplished? The Farmers' Union holds that this can not be done until the purchasing power of the farmers of this Nation has been restored. If this purchasing power is restored, the farmers being the largest number of people engaged in any industry and in conduct of the basic industry of all, will then start the cash registers of the agricultural towns of the Nation to jingle again. The merchants and dealers then will start the opening of factory doors; former employees now in the bread lines will again take their places on the pay roll; each man thus placed on an earning basis again also starts to buy goods, and we would soon find that an endless chain was turning; that prosperity again existed and that songs of happiness prevailed instead of hunger, sorrow, and blasted hopes.

#### HOW TO DO IT

How can this purchasing power best be reestablished? The Farmers' Union takes the stand that the remonetization of silver would do the job. Instead of the single gold standard being the only basis on which the dollars of the Nation are issued, we would, by the remonetization of silver, spread the base to a double standard, open up another great reservoir from which the fields of commerce and business might be adequately irrigated. Have free and unlimited coinage of both gold and silver. To remonetize silver would naturally mean to the silver States a great industry. It would employ many thousands of workmen where the mines, smelters, and mills have now been idle for many years.

This, however, is not the reason why the Farmers' Union is interested in the remonetization of silver. We know that it would have a twofold effect. It would free this Nation from the international money racketeers who at the present time can and do have under their control the economic destiny of every man, woman, and child in the Nation. It would remove a baneful influence now held over government itself by a gang of pirates and racketeers who are sinking the Republic with the same degree of heartlessness as is accredited to pirates of old who sank a ship.

Remonetization of silver would reestablish the purchasing power of the people of the Nation merely by the creation of more dollars, thus bringing the high-priced dollar down to its proper level, making it easier to secure a dollar with less commodities or with less labor than it can be secured for at this time. This plan would raise the price of beans to the Michigan farmer. It would enable him to secure more dollars for less beans. It would enable him to start paying his taxes and his debts. Likewise, this is true of the wheat farmer in Montana and North Dakota, the cotton farmer in the southland, and the stockman and fruit grower everywhere.

#### CONSUMERS, TOO

To those who view the increase in the price of farm commodities from a consumers' standpoint, let me suggest to you that it is not now the high price of farm commodities that causes 30,000,000 hungry people to receive food by charity, but it is the low price the farmers receive which closed the factories, pulled down the banks, bankrupted the merchants, and stopped the trains. There need be no speculation about what would happen. Please reason



it out for yourself. If the base were broadened on which the currency of the Nation is issued, there would be more currency. The more of this currency or circulating medium there is, the cheaper it is. The cheaper it is, the more easily obtainable it is. It can be secured with less labor and with less commodities than at the present time.

The remonetization of silver would do still more. It would unleash the frozen assets in every community in the Nation.

More and more, as we study this question, we become imbued with the idea that collusion exists between even our own Federal Treasury officials and this international bank crowd. They testify and bear witness against us in hearings on this matter. There seems to be a continuous propaganda in this country that remonetization of silver would impair the integrity of the Federal Government.

Let me suggest to you who listen in that to those 12,000,000 hungry men who pad the streets and roads of the Nation, and to their 20,000,000 hungry wives and children, the integrity of the Government is already impaired.

Then we hear, coming from the international bank crowd, that the remonetization of silver on the basis at which the Farmers' Union claims it should be remonetized would flood this country with importations of silver from China, India, and other foreign countries. Their arguments are specious. They seek to build up bubbles of gossamer illusion. Let me suggest to you at this time, ladies and gentlemen, that there is not now in the world enough gold and silver on which alone to base a proper medium of exchange. By this I mean if all the civilized nations of the world had both a gold and silver base on which to issue their circulating medium, there would not be enough of these two precious metals in existence for the nations to have an honest dollar here, or its counterpart as used in other countries. A new precious metal would have to be found on which to base more currency.

This Nation with a double standard would not be flooded by silver from other nations, but we might and should by that process collect the debts they now owe us. They do not have the gold with which to pay the international money racketeers and our Government, too, nor can they increase their trade with us under the single gold standard and the provisions of the Smoot-Hawley tariff law. Thus silver remonetization would collect the war debts and enable us to resume world trade. None of the great powers of Europe could make a good start toward dumping their silver into this country, because they would need it at home to preserve what they now believe to be a permanent hold on the commerce of the silver-standard nations. Most important of all, it would reestablish the purchasing power of our people. It would harm no one, not even the international bank crowd. It would give them a square deal.

#### FIAT

There are those who are so foolish as to say that inflation of the currency of this Nation would be the creation of a fiat dollar. Let me suggest to you now that any time private money lords of this country can inflate or deflate the currency at will we then have a fiat dollar. Such is the condition to-day. All we seek now is an honest dollar; not a dollar so hard to obtain that it takes from \$2 to \$5 worth of commodity or labor to obtain it.

#### NO OVERPRODUCTION

At this point let me say that overproduction is charged with being the reason for our present collapse. The farmer is told that he has been too industrious, and that because he has produced too much the price for his commodities must run below the cost of production. The workingman has been told that because labor-saving machinery has now become so effective man power is displaced by machinery. This is all false doctrine. Machines which displace the man power of the Nation must return to labor a far greater share of its economic production than they do at the present time. They must be made the agency for happiness to all the people instead of an agency for aggrandizement of a few and the torture of many. This holds true with labor-saving devices and machinery on the farm, in the factory, or on the job. Shorter work weeks and workdays must be established. Labor-saving machines must become a blessing to mankind and not a curse. They must contribute to those who operate them and those who are displaced by them a greater percentage of their earning power. In social and economic planning for America's greatness shorter workdays and fewer of them must be adopted. No attending wage cuts must be allowed.

As to overproduction on the farm, let me suggest that the American Red Cross has already stated that in this hour of destitution, hunger, and woe the half million bales of cotton handed over to them by the Farm Board would be highly insufficient. When manufactured into cotton cloth it will be inadequate and insufficient to furnish absolutely necessary garments for the coming winter to protect those who will be subjects of charity. Give these 30,000,000 hungry people sufficient to eat and you will see the mooted question of overproduction readily solved. Using the words of one who has gone before, I would say:

"The fiat has gone forth! With steam and electricity and the new powers born of progress forces have entered the world that will either compel us to a higher plane or overwhelm us, as a nation after nation, as civilization after civilization, has been overwhelmed before. It is the delusion which precedes destruction that sees in the unrest with which the civilized world is feverishly pulsing only the passing effect of ephemeral causes. Between democratic ideas and the aristocratic adjustments of society there is an irreconcilable conflict. Here in the United States, as there is in Europe, it may be seen arising. We can not go on permit-

ting men to vote and forcing them to tramp. We can not go on educating boys and girls in our public schools and then refusing them the right to earn an honest living. We can not go on prating of the inalienable rights of man, and then denying the inalienable right to the bounty of the Creator. Even now in old bottles the new wine begins to ferment and elemental forces gather for the strife.

"But if while there is yet time we turn to Justice and obey her, if we trust Liberty and follow her, the dangers that now threaten must disappear, the forces that now menace will turn to agencies of elevation. Think of the powers yet to be explored, of the possibilities of which the wondrous inventions of this century give us but a hint. With want destroyed, with greed changed to noble passions, with the fraternity that is born of equality taking the place of the jealousy and fear that now array men against each other, with mental power loosed by conditions that give to the humblest comfort and leisure, who shall measure the heights to which our civilization may soar? Words fail the thought. It is the golden age of which poets have sung and the high-raised seers have told in metaphor. It is the glorious vision which has always haunted man with gleams of fitful splendor. It is what he saw whose eyes at Patmos were closed in a trance. It is the culmination of the brotherhood of man, the city of God on earth, with its walls of jasper and its gates of pearl. It is the reign of the Prince of Peace."

The question is often asked: What is the proper ratio on which silver should be remonetized? We, the Farmers' Union, take the stand that the only basis on which it should be remonetized is the ratio or near the ratio at which it has always been produced. For 2,500 years we have produced less than 16 ounces of silver for each ounce of gold. With not enough of both on which to base honest dollars, we therefore strongly urge that the ratio to gold at which silver is remonetized must be at or very near the ratio at which it has been produced for all these years.

There are those who claim that all the nations of the world should be called into international conference on this money question. With nation after nation dropping off the single gold standard or extending its yardstick to include silver as a base, not one of them has thought for a moment to call us into conference. It is not necessary to call an international conference. We must make our Republic secure first. We must look out for our own people.

#### WHEELER BILL (S. 2487)

A bill was introduced in the last session of Congress to remonetize silver on such a ratio with gold as would give the American people an honest dollar, which we do not now have.

The dollars we now have are dishonest ones. They exact such a toll from labor and labor's commodities that it takes too much labor and too much commodity to secure one of these dishonest dollars. The bill introduced in the last session was by Senator BURTON K. WHEELER, of Montana (S. 2487). That bill proposed for the free and unlimited coinage of both gold and silver at the ratio of 16 to 1. That bill even gives the private money lords of this country and of the world a fair deal. The bill merely reestablishes the power of Congress to carry out the provisions of the Constitution, whereas Congress has the power "to issue the currency of this Nation and to set the value thereof." On the basis of 16 to 1 we would once more have an honest dollar. It would reestablish the purchasing power of the people engaged in the five basic industries—agriculture, the mines, the oil wells, the timber, and the products from the sea. Because there are more people in these industries than in any number of secondary industries, their purchasing power would be restored, and as they started to revolve the wheels of industry, the Nation would soon enjoy that prosperity so long talked of by political quacks, but not enjoyed by anyone at the present time except the money racketeers. Stronger than the Government, stronger than the governments of the world, they now dictate the terms of credit, and by controlling the volume of currency, they set the price on the commodities.

#### \$9 PER MINUTE FOR 1,900 YEARS

In passing, I desire to call your attention to the fact that under these conditions there has not been enough new wealth created since 1929 to pay the interest and the tax bill. If this new and original wealth produced from the farms, mines, oil wells, timber, and the sea can not pay the interest and tax bill of the Nation, then naturally bankruptcy not only stares the individual in the face but business and subdivisions of government as well. How much toll do we pay the credit crowd, anyway? With an interest bill last year of \$17,200 per minute, or \$1,000,000 per hour, \$24,000,000 per day, the Nation is incapable of going on. The staggering amounts herein stated might be more clearly brought to your attention when I say that had some one started at the time of Christ to stack up \$9 per minute from then until now, it would have required the entire amount to have paid the interest on the private and public indebtedness for last year.

#### INCREASE OF INDEBTEDNESS

Did it ever occur to you that the high-priced dollar and the attending low-priced commodity have increased the farmers' 1920 indebtedness approximately 500 per cent without changing a figure on the note or the mortgage? This is actually what has happened. Add this disastrous condition which faces the debtor to the already staggering load of actual interest payment in dollars and cents and it will show you a condition from which this Nation can not hope to recover unless immediate and drastic steps are taken. A



\$3,000 mortgage, made in 1919 with the dollars of that day, now approximates \$15,000 because of our lack of paying power.

The illustration which I have given of the American farmer is likewise true and applicable to the workingman. His indebtedness has been increased manifold because the dollar has been made so high in value and so scarce and his wages have been reduced so much, or entirely, that his indebtedness can not now be paid at all.

The international bank crowd naturally want to continue and to increase this enormous staggering load of interest on the American people. Recent legislation is claimed by those who receive the gratuities emanating therefrom in the way of interest to have been statesmanship par excellence. But I say to you, ladies and gentlemen, you can not borrow yourselves out of debt. We merely enhance and enlarge on the power of the private interests of this Nation, whose dollars we are borrowing. Literally we have enthroned an imperialism of capital. I am sure I know what the great Emancipator meant when he said:

"I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of war, corporations have been enthroned, and an era of corruption in high places will follow. The money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all the wealth is aggregated in a few hands and the republic is destroyed."

#### UNREST

Is it any wonder, with the people's purchasing power destroyed, that hunger and starvation stare millions in the face; that unrest and dissatisfaction are everywhere? Pending the convening of the new Congress, millions of farmers bankrupt by the high-priced dollar are seeking some way out in many localities in the Nation where the public generally, engrossed in their own personal affairs, have given no attention to this great national disaster that has overtaken us. Those farmers are now discussing some method by which the public at large may be caused to realize the seriousness of the present situation. In some States tax strikes are being discussed. By this I believe them to mean that the farmers and their business and professional friends in town will refuse to pay taxes until the necessary readjustment has been accomplished. If taxes are not paid, it means that schools and colleges, counties, municipal and State governments would materially suffer but in the suffering would coolly and calmly attempt to assist those on whom their bread and butter depend.

In some localities of the Nation a plan to sell everything possible, secure the money for it, and take the money home is being discussed. This, within a few weeks, would deplete the bank deposits of actual money, and is believed by some to be the means of bringing powerful forces to our side of the question. When the banks of the Nation close to-day there will be \$50,000,000,000 on deposit with only \$5,000,000,000 in actual money in those banks. Not enough money to transact the business of the Nation.

#### FARMER'S STRIKE

In 12 Middle Western States the farmers' holiday is being promoted. Bankrupt farmers, driven to desperation, unable to pay their debts, their interest, or their taxes with their commodities, have decided to sell no more commodities until the prices of those commodities have been increased sufficiently to pay the cost of production.

To those who listen in, let me remind you that up to this hour the farmers of this Nation have never set the price on any commodity they have bought or sold. They sell at wholesale in an unprotected world market and buy at retail in a highly protected domestic market. If they have decided to follow the lead of all other business or professions in demanding cost of production for their commodities, who shall say such a plan must not be allowed? The farmer has maintained that the right to set the price on a service or commodity was vested in the owner of that service or commodity. He now claims that right for himself. In tatters and rags, with mortgage foreclosures staring him in the face, he appealed to the last Congress for legislation that would guarantee him cost of production for that part of our commodities used in this country. Congress, with heartless indifference, adjourned without action.

He now is following the lead of every business and industry in the Nation. He, too, now is demanding the cost of production as a minimum price. It is not only his right to do so, but it is necessary. It is the farmer's moral and patriotic duty to refuse to deliver any more of his products, at less than the cost of production. For information about the Farmers' Holiday Association, write to its national president, Mr. Milo Reno, Des Moines, Iowa.

#### FARMERS HAVE TO COME FIRST

In summation, my friends, I wish to submit to you, there can be no happiness or hope for prosperity in this country until the 12,000,000 hungry workers are put on the job; until they are connected with the job that is waiting for someone to do. The factory wheels are rusty now, but they are waiting to turn again. The people can consume the manufactured commodities. There is no limit to their demands, my friends—except their ability to buy. The 20,000,000 hungry women and children must be taken out of these breadlines and soup houses. None of this can be accomplished, however, until the purchasing power of the American people has been restored. The purchasing power of the American people can not be restored until the raw commodities of this Nation return to the producers of them an amount equal to the cost of production or more. Under the present trade restrictions with foreign nations and the present high-priced dollar, this can

not be hoped for. We must have an inflation of the currency and bring the high-priced dollar down to an honest basis. We must inflate to at least the per capita circulation in existence at the time we went in debt; at the time the banks started to crash and the factories to close. Because this Nation is sold on the idea of a precious metal base for our circulating medium, the easiest way we can bring the high-priced dollar down, and the commodities up, is to rezone silver and have free and unlimited coinage of both gold and silver at the ratio of 16 to 1. This would not, in fact, be inflation. At least it would not be a fiat dollar.

To the members of the Farmers' Union, and to their thousands of friends who listen in at this hour, let me suggest that no Congressman or Senator should receive the benefit of your vote in this year's election unless he stands for broadening the base on which the currency of this Nation is issued, unless he has the courage and stability and understanding to free this Nation from the stranglehold of the most conscienceless group the world has ever known. Thank you.

#### FEDERAL HOME-LOAN BANKS

Mr. WALSH of Massachusetts. Mr. President, I am sure all Members of the Senate have had many inquiries concerning the purposes of the Federal home-loan banks.

Some time ago I asked the president of the Federal home-loan bank in New England, Mr. Taylor, to prepare a public statement which could be distributed to citizens who made inquiries concerning the objectives of this institution. I have one of these statements, which has been prepared by the Federal Home Loan Bank of Cambridge. The New England bank is located in that city. The statement states that it explains—

"Why It Was Organized—What It Is Doing—What It Will Do."

The statement is brief; and for the information of the Senate and the public I ask that it be printed in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Without objection, that order will be made.

The statement is as follows:

#### FEDERAL HOME LOAN BANK OF CAMBRIDGE, MASS., Cambridge, Mass.

THE FEDERAL HOME-LOAN BANK OF CAMBRIDGE—WHY IT WAS ORGANIZED—WHAT IT IS DOING—WHAT IT WILL DO

The purpose of the Federal home-loan bank system is to maintain and build up individual home ownership. It acts mainly through the agency of savings banks, cooperative banks, building and loan associations, and insurance companies. It sets up for them a reservoir of credit which offers to member institutions 10-year loans on the home mortgages written by these institutions. It should not compete with those mutual institutions (whose funds come almost entirely from small savers) but should rather supplement and stabilize their efforts.

The Federal Home Loan Bank of Cambridge has received thousands of applications for loans, of which many show a complete misunderstanding of what the bank can accomplish. There are many cases wherein the present mortgage is more than 100 per cent of the value of the property (on the applicant's own appraisal), and there are others where the applicant is unable to pay any interest whatsoever and asks for a loan without any expectation of being able to pay. To these home owners the bank suggests that the present mortgagee be consulted and asked to help. Such requests are being granted. If mistakes were made during the period of inflation which ended in 1929, these mistakes should be assumed by the institutions responsible for them. For that class of applications which represents mortgages amounting to about 60 or 70 per cent of the appraisal figure we are now operating through local committees representing potential members, asking them to arrange for the payment of back taxes, to refinance mortgages in order to pay delinquent interest, and to arrange for a suspension of dues temporarily. Closed State banks have been asked to withhold foreclosure proceedings until the home-loan bank is functioning completely. These requests are being granted in Massachusetts. The bank has not refused any applications which ask for loans normally granted, nor has it refused in any case because a mortgage is already in existence. It has placed before home-lending institutions throughout New England hundreds of applications for additions to present mortgages. It receives daily information that such loans are being made. Indirectly it has prevented foreclosures, provided money for necessary repairs and payment of taxes, and it has made suggestions which have saved the equities of a great many home owners.

In New England enabling legislation is necessary to permit savings banks and building and loan associations to become members of the Federal Home Loan Bank of Cambridge and to borrow money for the purpose of making loans to individual home owners. It is hoped that this legislation will be passed early in January, and at that time funds will be available immediately. The institutions are already filing their applications for membership and are now being examined and listed for maximum credit. There is no mortgage money in New England, and a large amount



is needed. The twelve and one-half million dollars with which capital the bank started must be increased by the sale of bonds, and this can be done only if we operate on a sound financial basis. The Federal Home Loan Bank of Cambridge will offer to home owners of New England security which present demoralized conditions show never to have been in existence. Furthermore, in being a source of credit (emergency or otherwise) for these mutual institutions, it will protect the small savings of thousands of individuals. It is providing funds which will be used primarily for the employment of labor—in repairing and modernizing—and for new building operations. It will not make a loan for the purpose of allowing any institution to hoard cash. It is a permanently constructive measure, and it is being accepted as such in every New England State.

H. F. TAYLOR, Jr.,  
President.

W. H. NEAVES,  
Executive Vice President.

#### THE RAILWAY SITUATION

Mr. LA FOLLETTE. Mr. President, by request of Mr. A. F. Whitney, chairman of the Railway Labor Executives' Association, I ask to have printed in the RECORD a telegram signed by him and addressed to Mr. Bernard M. Baruch, vice chairman National Transportation Committee, Empire State Building, New York City.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

[Night letter]

CHICAGO, ILL., December 7, 1932.

BERNARD M. BARUCH,  
Vice Chairman, National Transportation Committee,  
Empire State Building, New York, N. Y.

You letter of November 10, requesting that our association submit certain information to the National Transportation Committee, gave us no adequate description of the composition, purpose, program, nor origin of your committee. We have consequently found it necessary to make some investigation to determine these facts.

Our investigation develops the fact that the committee for which you speak has been appointed and is being financed by a special bondholding interest. While the committee is nonpartisan in a strictly political sense, in that it includes past leaders of our principal political parties, it is representative of a specific group with a direct interest in the policies to be adopted in the railway industry. Since that group and its interests can not be said to be coextensive with the industry as a whole, nor with the general public affected by railway policies, we are unable to form any other conclusion than that in its inspiration, in its financing, and in its choice of personnel your committee is representative only of that special group of railway bondholders. Its status, we feel, is precisely the same as would be that of a committee appointed by railway workers, by railway managements, or by a group of shippers with special interests in the railway situation.

So far as we understand the matters which your committee proposes to investigate, they are subjects which come properly within the purview of existing governmental agencies. The Interstate Commerce Commission, the Interstate Commerce Committees of the two Houses of Congress, and the United States Board of Mediation are properly charged with the conduct of such investigations as that which is being made by your committee. On the other hand, your committee has no legal standing whatever. Despite the political prominence of certain members of your committee, it seems certain that the American public would have less justification in expecting complete and impartial investigation by your committee than it would have if such an investigation were being undertaken by a governmental body properly representative of the welfare of the entire Nation.

Since the railway situation is far from ideal, we believe an investigation by authority of the United States Congress should be made. The danger to the transportation industry presented by new and unregulated transportation agencies is generally recognized and, we believe, would repay detailed governmental study. Certain other factors in the railway situation, such as unsound financial set-up, also merit careful investigation. It is to be hoped that a properly constituted governmental body will bring to such an investigation in the near future the facilities, the experience, the authority, and the impartiality which are necessary to insure any degree of value or public confidence in the findings of any study to be made.

No useful purpose would be served by our presentation to your committee of matters properly to be submitted to other and authoritative bodies.

By order of the Railway Labor Executives' Association:  
A. F. WHITNEY, Chairman.

#### THE WORLD COURT

Mr. LOGAN. Mr. President, I ask unanimous consent to have printed in the RECORD two editorials—one from the Louisville Courier-Journal of December 12, and the other from the Louisville Times of December 12—relating to the World Court.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Louisville (Ky.) Courier-Journal of Monday, December 12, 1932]

#### GIVE US THE WORLD COURT

The Courier-Journal this morning devotes considerable space to the publication of two appeals to be submitted to-day to the United States Senate. These appeals, the one signed by a number of prominent Democrats and the other signed by as many prominent Republicans, urge the immediate ratification by the Senate of the protocols now before it for American adhesion to the Permanent Court of International Justice.

There should have been no occasion for these appeals. The Senate as long ago as 1926 voted adherence to the court, with certain reservations. These reservations have been accepted by the nations constituting the membership of the tribunal, and treaties laying before the Senate the revised protocols were reported favorably to that body last June. The reservations stipulated by the Senate in 1926 have been fully met, and there is no excuse for further protracting the delay in joining the court, a delay which already has lasted nearly 10 years.

The Senate should end its dawdling on this question and act decisively on it at once. The platforms of both political parties promised our adherence to the court and the people of the country generally not only favor it but demand it.

As the Republican petition well puts it, "action upon the court measures has in previous sessions been deferred on the ground that pressing domestic legislation of an economic nature made it impracticable to take the time for considering the court treaties. Urgent questions confront the short session, also questions derived both from the troubled situation at home and from the troubled situation abroad. Far from constituting a reason for again deferring action, the present troubled condition of the world points imperatively to the need for clear indorsement of the stabilizing principle of judicial settlement of those disputes which will continually arise between nations, the more frequently as their economic interrelations become the more complex."

[From the Louisville Times of Monday, December 12, 1932]

#### SENATE SHOULD DO IT NOW

That, December 12, 1932, it is necessary for Americans who have for years advocated this country's adhesion to the World Court to recommend, once more, that the Senate act upon the protocols is deplorable.

It will be even more deplorable if it be necessary for the same appeal to be made once—even once—more.

Half a dozen years ago the Senate accepted in principal the proposal, then four years old, that the United States assume its responsibilities as a major nation whose people want safeguards of world peace.

The reservations of the Senate were agreed to by nations earnestly desirous of the cooperation of the United States.

There is nothing left to do but to do what obviously it is the duty of the Senate to do.

There is no excuse for additional delay or defense of additional delay.

There is no defense in politics, for the two political parties are committed formally in written and recorded declarations to the course that has not been taken by the Senate.

The public, or that part of it which as a rule takes an interest, intelligently and persistently, in public affairs, is weary of the shilly-shallying, the excuse making, the sorry subterfuge of a Senate which has had, according to its assertions, something more important to do; but which has not done, after the excuse, anything more important than what it has omitted to do.

Everyone's mind is made up, and long has been made up, upon this much-mooted question.

No extended discussion and deliberation are needed in the Senate.

There is nothing to be done but to do what should have been done long ago.

There is no reason for much time being taken up if the Senate is, as usual, ready to say that this is its busy session.

Nothing could be gotten out of the way so easily and so quickly as the World Court resolution.

Nothing which could be done as quickly would get so much out of the way.

The Senate should abandon its policy of evasion and try, at last, upon this question the policy of truth and forthrightness.

Do it now!

Mr. WALCOTT. Mr. President, I ask unanimous consent to have printed in the RECORD an exceedingly able editorial appearing in the Hartford Courant on the subject of the World Court.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Hartford Courant]

#### AN APPEAL FOR THE WORLD COURT

An impressive group of Republicans headed by Gen. James G. Harbord and an equally impressive group of Democrats headed by Mr. John W. Davis have appealed to their respective party members in the Senate to dispose of the World Court issue on



its merits at the present session of Congress. Disposing of the issue on its merits can hardly mean anything else but ratifying the three pending protocols, which adequately meet the reservations that the Senate made when it voted nearly seven years ago the adherence of the United States in principle to the court.

We assert that these protocols meet the Senate's reservations on the authority of an expert study made of them by a committee of the American Bar Association whose report was adopted by the whole association, also on the authority of Secretary Stimson, of the Department of State. When the court by its statute and by the terms of the protocols is restrained either from handing down a judgment or giving an advisory opinion in any dispute that concerns the United States without the explicit consent of this country, how can it be questioned that the interests of the United States are not fully protected?

Too long already has this matter of our adherence to the Permanent Court of International Justice been delayed. Nearly 10 years have elapsed since the question was first submitted to the Senate. It will be seven years in January since the Senate voted adherence provided certain stipulations were met. For three years action on the protocols covering the Senate stipulations or reservations has been deferred on one pretext or another. The greater urgency of domestic legislation has been pleaded, but urgent as this legislation has been there have been numerous occasions when the Senate could have disposed of the question had it so desired.

There never will be a time when domestic legislation deemed urgent by many will not be before the Senate, but much of this legislation must necessarily await the reports of committees before the Senate is called upon to act. During intervals between reports the Senate wastes a great deal of time talking about nothing of particular moment. There will be opportunity unquestionably before this session of Congress ends on March 4 to vote on the protocols if the Senate is so disposed. The purpose of the appeals to it by General Harbord's group of Republicans and Mr. Davis's group of Democrats is to bring it into a disposing frame of mind and to cause it to carry out the commitments of the respective party platforms.

The Republican Party in its national convention of last June, after reminding that three successive Republican Presidents had urged adherence to the court, declared: "America should join its influence and gain a voice in this institution, which would offer us a safer, more judicial and expeditious instrument for the constantly recurring questions between us and other nations than is now available by arbitration." The Democratic Party, after advocating a firm foreign policy, "including peace with all the world," declared for "adherence to the World Court with appending reservations," these reservations being those which the Senate made in 1926, when by a vote of 76 to 17 it went on record in favor of the United States joining the court if and when its conditions were met.

In fulfillment of Republican and Democratic promises, the Senate should at this session vote on the protocols—not only vote on them, but vote them its approval, and by so doing bring the United States into full World Court membership along with 54 other nations.

There are at present only eight other nations outside the court—Argentina, Mexico, Honduras, Ecuador, Egypt, the Soviet Republics of Russia, Turkey, and Afghanistan. For the great and powerful United States to be in this group of nations standing aloof from the World Court is anything but creditable. Especially is this true because of the initiative taken by the United States in bringing about the pact of Paris, under which 59 nations have agreed to renounce war as an instrument of national policy and to submit all questions in dispute to adjudication. The inconsistency of looking to the judicial settlement of all international questions that might otherwise lead to war while not being ourselves a member of the tribunal that is to sit in judgment, certainly should have impressed the Senate by this time.

The United States has gone on quite long enough professing peace, helping to set up agencies for peace, such as the League of Nations and the pact of Paris, freely giving advice as to how other nations should conduct themselves, yet refusing to assume the obligations of its self-appointed leadership. It would only in part practice what it has preached by joining the Permanent Court of International Justice. Let action at this session of Congress now atone at least partially for all these years of indecision and delay.

#### ARTICLE BY SENATOR WHEELER ON THE ECONOMIC SITUATION

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD a brief news story prepared by Senator BURTON K. WHEELER, of Montana, appearing in the Washington Herald of December 18, 1932.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHEELER CITES SEVEN POINTS AS BASIS FOR A NEW AMERICA—WARNS DEMOCRATS THAT BURDEN OF RESPONSIBILITY NOW IS IN THEIR HANDS

By BURTON K. WHEELER, United States Senator, Montana

The desperate situation into which this country has drifted during the past three years calls for drastic measures and for political courage to put them into effect.

It is now widely admitted that we can not return to things as they were in 1929, much less to things as they were before the war. "Restoration" in this sense is impossible. We have to re-

construct—to build a new, a stable, and a really prosperous America.

Can the Democratic Party do this? Has it the vision? Has it the courage?

#### HOPE OF 20,000,000 VOTERS

Twenty million Americans last November, when they voted our party into power, hoped it would solve the problem, hoped it had the vision and the courage. Is the party going to justify that hope? Or is it, by disappointing it, to be overwhelmed, as has been the Republican Party, by the anger of a disillusioned country?

There can be no question as to the wishes and needs of the people at this time. These needs are immediate and clamor for immediate action. They include the following:

1. Restoration of employment.
2. Adequate relief for the destitute.
3. Amortization of farm and home mortgages.
4. Restoration of agriculture and of commodity prices.
5. Restoration of the 1928 living standard.
6. Security for savings and investments.
7. Redistribution of the tax burden.

These seven topics constitute merely an emergency program. Were they put into effect they would do little more than put an end to widespread suffering, relieve our almost unbearable apprehension, and enable us to set to work calmly with the major program of reconstruction that is imperative.

#### EMERGENCY MORE INTENSE

It is my opinion, however, that unless this emergency program is proclaimed without much more delay, as the program of the Democratic Party, the emergency that grips us will become more intense and the Democratic Party will find itself repudiated by the people.

Eleven million workers are jobless. Prosperity consists essentially in restoring them to work.

Among these 11,000,000 unemployed are several million men, women, and children who to-day are suffering from cold and hunger.

#### BETTER CARED FOR

It is imperative that they be more adequately cared for.

There should be no hesitation on the part of the Democratic Party in Congress about this. Measures sponsored by Senators WAGNER, COSTIGAN, and LA FOLLETTE now pending should be made part of the Democratic Party's emergency program and enacted into law.

Immediate relief should be given farmers and city home owners to assure them security of their property from foreclosure or sale for delinquent taxes.

There can be no prosperity until our farmers are once again prosperous.

My bill to remonetize silver, now pending before the Senate Finance Committee, would do more for the farmers than all of the allotment plans or other makeshifts could possibly do. First of all, it would quadruple the cost of production of competing farmers in other countries producing wheat and cotton and so on. Likewise it would quadruple the purchasing power of nearly half of the people of the entire world who are now using silver as their yardstick.

As things stand now, congressional Democrats are "going along" with meaningless measures. It is true they could not enact a genuine farm program this session. They should make this clear to the farmers, force the Republican Party to accept the responsibility, and prepare a genuine program for immediate enactment by a special session.

Under the plausible guise of a "share the work" program, the banker-controlled interests have been merely spreading poverty over larger and larger sections of the country.

#### HUNDREDS OF MILLIONS

Our workers and small investors, through the collapse of mismanaged or dishonestly operated banks, have lost hundreds of millions of dollars. It is imperative that the entire banking system be reorganized; that its control be taken from the hands of selfish, private interests.

Instead of this, by the so-called Glass bill, the branch banking system is gaining a great step forward. Its ultimate purpose is to lodge ownership and control of the banks, from one end of the country to the other, in New York City. Branch banking should not be encouraged.

These are among the immediate measures expected from the Democratic Party.

#### EDITORIAL BY ARTHUR BRISBANE ENTITLED "ALL RIDE ON THE FARMER'S BACK"

Mr. CAPPER. Mr. President, I send to the desk and ask to have printed in the RECORD an editorial by Arthur Brisbane, published recently in the Hearst newspapers, entitled "All Ride on the Farmer's Back." It is a very able and sympathetic discussion of the present difficulties of the farmers of the West.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### ALL RIDE ON THE FARMER'S BACK

#### "GIVE US THIS DAY OUR DAILY BREAD"

That prayer is heard around the earth. And every day the daily bread is ready. The kindness of Providence makes it possible, the energy and patient work of the farmer provides it.



Everything in our Nation—prosperity, happiness, health, wealth—all is built on the work of the farmer.

We have wonderful factories, giant buildings, magnificent machinery, fine ships, railroads, mines. They would all be abandoned, deserted, worthless, if the farmer's food supply should stop.

The wealth that farmers take from the soil and distribute among our 120,000,000 people is the greatest wealth of the Nation, both in actual money value and in the real values that transcend the value of money.

The farmer, his wife, and family represent the very beginning of civilization. Men changed from wandering savage "nomads," traveling from place to place in search of fresh pasture and more game only when farming began.

Planting seeds, raising crops, domesticating and breeding animals, with production of milk and butter—in short, the beginning of farm work—was the necessary and only possible beginning of settled residence and civilization for human beings.

The farmer's work is hard, as are his working conditions. He must depend largely on chance, on the whims of nature, and the weather. In every direction he must look for trouble. And in all the history of farming and its struggling there has never been any source to which he could look with confidence for the help that he deserves.

A beautiful, clear-blue sky, so pleasing to you, is a menace to the farmer. He watches it anxiously for clouds that will bring rain and fertility.

Insect life in a thousand forms menaces him—the grasshopper, the army worm, the potato bug, boll weevil, corn borer, and thousands more dangerous pests that he can not see and must fight after they have arrived—like the rust that attacks his wheat, the scale that attacks his fruit trees.

And after he has produced his crops the farmer must watch the food speculator, the "middleman army" that manipulates prices, putting prices down on the farm, putting them up to the consumer, extracting from the farmer's work a profit that the farmer never dreamed of.

"In union there is strength." And in those five words lies the farmer's greatest difficulty.

The farmers are separated in plans, as in residence—widely separated.

Packed into the factories of one single employer you may find men exceeding in number all of the farmers spread over thousands of square miles of land. The closely packed workers in cities, on railroads, in factories can unite, organize, protest, unionize themselves, and strike.

The farmer in many ways is unlike the union man who can make his fight for better conditions and, in days of prosperity at least, can get the better conditions.

Ten thousand bricklayers or carpenters, masons or stonecutters, carry the same simple tools, work in the same way.

Ten thousand farmers employ different tools, work in totally different ways.

One farmer cultivates a thousand acres with powerful machinery and the help of hired men.

Another works his small "1-man farm" with a team of horses or mules that eat all winter, when they are not working, and that work slowly when they do work.

The farmer is an individualist and what the city man would call a "theorist"; that is to say, he lives apart, he sees the trees, the sky, the fields, he thinks for himself, and does not willingly submit to the discipline of other farmers. About all that he has worth while in a world that refuses him prosperity and freedom from anxiety in old age is his individual liberty—and he does not intend to give that up.

He may join a "farmers' grange," but when he gathers with other farmers it is often to argue rather than to agree.

There are compensations in a farmer's life that for many farmers offset the advantage of high union wages in the crowded city. He prefers farm worries in the open country.

Few farmers would be willing to answer the call of another man's factory whistle every day; few would give up their direct contact with nature.

Many of them, in spite of hardship and disappointment, enjoy the feeling that their rewards depend upon their individual effort, knowledge, and determination.

Above all, a farmer, if he be one of the fortunate few, can look upon his plot of the earth's surface and say: "This is mine."

But once that saying meant more than it does now. To-day tax gatherers come saying: "Pay or this will be yours no longer." And the lender of money on mortgage sends word: "Pay or move."

Thousands of farms upon which the farmers have expended the energy, hard work, and earnest effort of their lives are taken from them when they are old.

Their sons, discouraged, have long since gone off to big cities and more generous pay rolls. They and their wives must move on and do what they can.

What is the remedy; what could government do?

No man would venture to suggest a perfect or complete remedy for difficulties based partly on disorganization, isolation, lack of cooperation.

But the Government could do something. To begin, it could appreciate and admit the truth of the picture printed above.

A man riding a horse is grateful to the horse. A nation, its bankers, manufacturers, and all its prosperity, riding on the farmer's back, should at least be grateful to the farmer.

And perhaps the Government might say to the farmers: "You feed this Nation in peace and war. The Nation's duty is to protect you; and until you have sold for a price all that you have pro-

duced nobody in this country shall eat or wear the produce of any farm outside the United States."

Why should any American wear leather or wool grown in Australia or the Argentine Republic while any American farmer has wool and hides unsold?

Why should any American eat mutton or beef grown across the ocean, or eggs laid in China, while American farmers have cattle and eggs unsold?

A man would be ashamed to buy from a stranger and refuse to patronize his own brother.

Every American should feel the same way toward American farmers.

We could have complete protection for the farmer, a program of "eat the products of American farms first," resorting, if necessary, to Government regulation of prices.

That would be nothing new or startling. The French have proved that it can be done. American farmers whose wheat has brought them less than 30 cents a bushel, on the farm, may be amazed to learn that Government regulation in France, at the very same time, gave to every French farmer \$1.50 for every bushel of wheat he produced.

You can not mix flour made from foreign wheat in any French bread until the French farmer has sold all his grain crop.

The French Government tells you what percentage of foreign flour may enter a loaf of bread made in France.

That plan works, and France, in proportion to population and in spite of war, is the richest country in the world, with more independent farmers, more individual land owners, and more gold stored away in proportion to population, twice over, than any other country.

It has been taken too much for granted that "nothing can be done for the farmer, the law of supply and demand must settle all his problems," etc.

If any man were caught in France selling wheat short, trying to put down the price, he would go to jail, at hard labor.

However, it is for the wisdom of those in high office, and for the voters as a whole, to decide what shall be done to improve the condition of the farmers to whom the entire Nation owes life, health, and strength.

One thing is certain, the richest Government in the world, that can find eighty or ninety millions to lend to one bank in trouble, other millions for railroads, etc., might at least think about the farmer.

#### RELIEF OF ECONOMIC CONDITIONS

Mr. BAILEY. Mr. President, a famous historian of the nineteenth century drew in his mind's eye and made immortal on the pages of his history the picture of a traveller from New Zealand standing upon London Bridge and sketching the ruins of St. Paul's Cathedral. As I have sat here this morning, and on other days, I have thought of the probable appearance of a historian, at a not distant date, who would draw a picture by analogy of the equanimity and the serenity of distinguished Senators of the United States as they discussed academic questions relating to prospective amendments to the Constitution in distant years, and discussed likewise, with all earnestness, a legislative enactment touching the independence of possessions to take place in the distant future. He would draw his picture of this serene scene and then describe the elements and the factors which were undermining the scene itself and the land that looked to the scene in hopeless woe and vain despair.

Mr. President, I have thought that it would not be amiss, now that we come to the end of the period since the first Monday in December, the 5th of December, when we first met, and some of us are turning our faces homeward in the security of the emoluments of our offices—turning somewhat happily, I take it, and I hope happily for us all—that as we turn we might do something that would give assurance to some 120,000,000 Americans, that there was something to be hoped for yet from their democracy and its institutions, that those appointed to high station, and crowned with real honors in their behalf, did really know something of their condition, did really feel very deeply something of their woe, and did in all earnestness take thought to see if there were any way whereby they might, by any means, do something to relieve, something to alleviate, something to stem and even to turn the fateful tide which appears these three years to have been sweeping on to destruction these 120,000,000 men, women, and children whom we call Americans.

With those thoughts for an introduction, Mr. President, I am going to take up my notes now, and read seriatim, by number, an orderly statement of my views as to this crisis. I could speak it extemporaneously, to be sure, but I am going to stick to the notes in the interest of expedition. In



order that I may be brief and at the same time clear, I shall call my paragraphs by their numbers.

First. The most manifest and acute aspect of our situation is the helpless unemployment of about 10,000,000 of our workers, directly affecting 33,000,000 of our population, and, indirectly, affecting all. After three years we know that nothing whatever has served to stem this fateful tide of woe and ruin. We know that. We are the witnesses to our failure, in so far as we are responsible.

Second. Especially significant is the reduction of the national income from about \$90,000,000,000 per year to about \$40,000,000,000 per year, by estimation, and this with only insignificant reduction in tax charges and debt charges from the peak of 1928 or 1929.

Third. We can not under the circumstances maintain 10,000,000 unemployed, either by private charity or taxation or both; and if ever a sterner reality faced a legislative body than that, my reading of history has failed to disclose the fact.

The existing situation is, therefore, temporary and critical. We must elect either to provide the means of restoring employment to at least 5,000,000 of the unemployed or take the consequences of the rapidly approaching breaking point, whatever those consequences may be; and there is a breaking point, and under these conditions it can not be in the distant future.

Fourth. It is recognized that a large measure of unemployment, say not less than 30 per cent, is due directly to technological increase of man power, and even if normal conditions otherwise might be restored, fully 3,000,000 workers would still be without jobs.

Fifth. Under these conditions there is but one fair outlet—the land, successful agriculture. Throughout Europe the land supports incomparably larger populations than it supports here, and supports them upon a better standard than our population now endures. The boasted standard of American living and wages has disappeared as completely as the civilizations of the Pharaohs. It does not exist.

Upon any comparison or calculation, there is room in America for fully 5,000,000 more farmers and farm workers. Were so many, in addition to our 8,000,000 farm owners, fairly supported upon our lands, it is reasonable to assume that the remainder of the unemployed would have some outlet for their services, and so our problem of unemployment would approach solution. We would thus at least have begun to recover.

Sixth. Our farmers are in no better plight than are our unemployed workers. They have labored three years without reward. There is no sale for large portions of their crops. They are accused of having produced too much, in a land in which starvation stalks. They do not receive enough to pay their taxes and clothe their wives and children. They owe about \$11,000,000,000, secured by mortgages on their lands, and it is safe to say that their fixed charges for taxes and interest require nearly half their gross income.

Millions of them are in default, and foreclosures are driving them from their homes and depriving them of their farms. The picture of American agriculture to-day is not the picture of a plowman between the plow handles, or of the reaper on the plains gathering the harvest, but it is the picture of mothers and fathers and little children moving from the land of their inheritance and out into helplessness, becoming tenants and bankrupts.

To say the least, this state of affairs can not be spoken of as civilization. It is not civilization. The implications of the word "civilization" are order, peace, security, and we can not call that a civilization in which 8,000,000 farmers are threatened with the loss of their farms and 10,000,000 human beings have no security whatever. There is no civilization where there is no security.

Go back to the Latin "civis." That means quiet. That means confidence. The essence of civilization is security, and when security goes the essence of civilization is gone. We might as well confront that fact also in this boasted Republic of the West, this land of the free, this home of the insecure.

To utter an elementary truth, no government can tolerate this sort of thing and expect to last. We can not stand for it and expect to go on. The thing is degeneration itself. It is not something that we have to resist from without. It is something that is going on within us. It is degeneration, and I am speaking now to a physician directly in front of me, the senior Senator from New York [Mr. COPELAND], who knows what degeneration is in a medical and technical sense. The situation in America can be summed up in the one word. The symptoms, the evidence, the characteristics of it, the destruction of security in the land indicate degeneration itself.

Seventh. Manifestly the primary obligation of this Government is to address itself with all earnestness to the farm problem. The stability of government, the profitability of enterprise, the circulation of money, the relief of unemployment are each and all bound up in it. Palliatives and emergency measures will not serve. There must be solution, and it must appear in the harvest of 1933. The harvest of 1932 was a harvest of tears and ruin, and the harvest of 1931 was a harvest of sorrow and despair. We have reached the point now where we can not afford any harvest other than a good crop and a good price in the year upon which we are about to enter. The men who sow in the coming spring must sow not in hope, not in faith, but in assurance.

There has been enough of hope and enough of faith in them. Their faith has been sufficiently disappointed and broken to be destroyed. I rejoice in the fact that there is something in them that does not permit that faith to die, but I do not think that is political, and I do not think that anything we have done has tended to conserve that faith. That comes from God, and that is the man in them. They must sow now in assurance, and they must reap in the time of harvest, not in tears, as they have reaped for three years, but in joy.

Mr. President, I hesitate to contemplate what will be the consequences if we go through another year and another harvest in times like these. I had hopes last spring that somehow wheat and cotton and corn and pork and tobacco would rise in price. If they had risen so high that they had elected the present President and Vice President, then my joy in the deliverance of millions of men and the happiness of my country would have far outweighed my disappointment in a mere political matter. But we know what happened. As the harvest came down, the prices fell below the harvest, below the former year and the year before that.

Eighth. The more acute difficulty with agriculture is the disparity between prices received by the farmers and the prices paid by the farmers. This disparity is indicated by reference to the latest pre-war year, 1913, as the standard. Farmers now buy 9 cents in the dollar above that standard and sell at 53 cents in the dollar below that standard. I judge that that is the most amazing economic fact in all the history of the American people. The farmers buy 9 points above the line and they sell 53 points below the line. This not only destroys their buying power and thus destroys industry and commerce, but it accounts for fully five millions of the unemployed. At the same time it ruins our agricultural population of 33,000,000 human beings and prevents the hope of absorbing on the land three millions of workers made idle by technological invention and organization.

Ninth. This disparity between the prices received by the farmer and the prices paid by the farmer is largely caused by one fact, to wit, the American farmer sells in the world market his cotton, his pork—and that means his corn—his tobacco, in large measure, and other products in smaller measure. The farmer's prices are world prices. The pound, the franc, and the yen affect his prices more than does the dollar. But he buys in the domestic market. Our fabricated goods enjoy the benefit of a tariff. The farmer sells at world prices and buys at domestic prices. He sells in free trade and he buys against protective tariffs. No; he buys against protective tariffs and sells against depreciated foreign currencies and against restrictions upon dollar exchange and quotas and tariffs. Thus, he has been caught



literally between the upper and the nether millstones and has been ground to powder. His ruin spells the ruin of all the rest of us—not only political parties but industry, commerce, corporations, merchants, utilities, railroads, the schools, the workers, the Government itself, and all who enjoy the emoluments of its offices. We can neither balance the Budget nor maintain order under such circumstances, nor may we hope to extricate ourselves by emergency measures and a policy of procrastination, which has been the policy of the last three years. We and they have had enough of that.

Nor will generalities serve. There must be action, affirmative, definite, direct, and effective. If there is to be a new deal in America, let America know it, and let her know it now. One hundred and twenty million people, half of whom are in despair, millions of whom have been stretching vain hands out to both political parties, to the Congress, to the Government, want to know at last, and they are entitled to know.

Tenth. Assuming that our immediate task is to correct the disparity between prices paid by the farmers and prices received by the farmers, how shall we proceed?

Let us observe that the task is not impossible. The official charts show there was no disparity in the year 1913 and very little in the year 1924. I refer to the charts of the Department of Agriculture of the United States Government. What has been achieved twice within two decades may not be considered impossible or even impracticable now. Moreover, the achievement is demanded not only as a matter of justice but of national self-preservation. We must achieve this end or confess the failure of democracy and await the incoming of a new régime to meet the task. To delay or to fail is to invite the consequences. If we do fail, how can we argue that the next man who proposes something, however radical, is not entitled to a hearing in the arena of our failure?

Eleventh. There are those who have argued that the indebtedness of certain European nations to us, especially the kingdom of Great Britain, is responsible for the depreciation of foreign currencies and restrictions upon dollar exchange, and therefore that reduction or cancellation of those debts would be a helpful first step. This argument is not well founded. Conceded that the pound of Great Britain is the governing monetary factor for half the consuming population of the earth, no action of the United States can stabilize the pound. The payment of Great Britain's annual installment is by no means one of the greater difficulties of Great Britain. The instability of her pound and her difficulty in returning to the gold standard are due to profounder causes. The balance of trade, for example, for a long period has run against her and it continues to run against her in ominous measure. Remission of the debt would not arrest this process and, indeed, would prove but a small contribution to that consummation. Those who are advancing this argument may be surprised to know that the volume of our agricultural exports has decidedly increased in the 11 months of the present year according to the tables printed in the United States Daily within the last three days.

Altogether, if I thought the rescue of our farmers and our civilization were contingent upon our power to lift the value of and to stabilize the British pound or the money of other nations, I would yield to despair. I will agree, however, to any reasonable and well-conceived plan to restore currency stability and commercial stability throughout the earth, for I know we can not live unto ourselves alone and ought not to seek to do so. In such a course there may be some assistance of real value, but not the efficient antidote to our ills which is demanded.

Certainly I would prefer devaluating our currency and so reducing all debts, foreign and domestic, to even considering the reduction of the debts of foreign nations alone.

Twelfth. If we are to continue our tariff policy—and certainly none of us would now open our doors to the exports of the other nations, when to do so would close the industries so feebly running and throw other millions out of employment and thus at once set off the ultimate crash—if

we are to continue our general tariff policy, modify it though we may, we must recognize the necessity for compensatory provisions for our farmers.

It occurs to me that these are far more available in a well-contrived domestic policy than in debentures, allotments, tax-bounty schemes, and so-called equalization fees.

(a) We contemplate economic conferences with foreign nations. Why not have one with American States? Is it too much to seek the means of lifting from the farmers the burden of property taxes when they are the victims of an economic system of our own devising which makes it practically impossible for them to pay taxes? May we not contrive the national tax policy with a view to such an end?

(b) We are now levying special taxes which press down upon the farmer. Is it too much to ask that we levy, if we must levy, a manufacturer's license or excise tax which will especially exempt food, medicine, agricultural equipment, fertilizer, and moderate-priced clothing, and so lift the burden from the back of the farmer and compensate him against the tariff imposition or discrimination to that extent?

(c) We lay a tax of \$1.09 on every pound of tobacco the farmer sells to the manufacturers of cigarettes. The farmer gets 15 cents a pound for the tobacco; the United States Government gets \$1.09. The great Government of the United States, which neither toils nor spins so far as the tobacco farmers are concerned, which rarely serves them in any direct way, which can call upon their sons to lay down their bodies in battle and for which their sons have freely laid their lives down in battle, takes \$1.09 on a pound of tobacco of the farmers and the tobacco farmer is allowed only 15 cents. That, on its face, is oppressive; it is a monstrous governmental iniquity. Is it unreasonable to ask that we reduce this tax or return it for the purpose of reducing the farmer's property taxes?

(d) We can provide a lower freight rate for agricultural products. At the present moment the farmers and the railroads are seeking lower rates on cotton, but the Interstate Commerce Commission, in its infinite wisdom, denies the petition of the railroads for that humble relief to reduce the freight on the cotton of the farmers of the South.

I confess, Mr. President, my inability to follow the logic or the common sense of such a procedure, but it is the fact. The farmers want the lower rates, the consumers want the lower rates, the railroads want the lower rates, but the Interstate Commerce Commission for some reason denies the petition.

It is along these lines that we may compensate the farmer for the prices he must pay for protected goods. All these points I have made relate to the compensatory considerations for the farmer as against the high prices he must pay in the home market for fabricated goods which enjoy protection or protective tariffs, while he sells in the world market.

In the fair measure of justice rather than in subsidies and bounties we find our Republic operating consistently within its traditional character and at the same time correcting a ruinous disparity in the market place.

(e) Again, the farmers are not responsible for their surplus, nor should they be penalized for producing it. The farmer can not govern the seasons; he must deal with fruitful and unfruitful years. The beneficiaries of his labors, those who in lean years enjoy abundance because of him, ought to share with him against the disaster of his labor and his surpluses. We ought not to abandon our provisions for marketing agricultural products; we ought to enlarge those provisions and more wisely administer them. We have made only a beginning; we can yet manage the difficulty of reasonably controlled production by inducements voluntarily accepted and a time limit strictly adhered to in respect of holding any farmer's produce.

We can do more here by intelligence than by attempts at force or taxation. We can manage the surpluses by marketing, warehousing, and credits, plus contractual control; and we are going to do it, and we are not going into the course of leaving the farmer to produce the food and clothing upon which we live, and if it happens that, in the good-



ness of God or the kindness of nature, his labors and lands bring forth more fruitfully than he anticipated, we are not going to put him into the poorhouse on that account; and we are not going to charge anybody with socialism who says that the beneficiaries of the energies and the industry and the skill of the farmers and of the chances they must take as they cultivate the soil, should share with them the penalties, if there be penalties, of overproduction.

(f) The process of agricultural rescue and redemption does not depend altogether upon the Congress. It is my view that the farmers must learn to regard farming more as a means of living, a mode of livelihood and of security, than of money-making. The small farmer, securely maintaining a family, receiving surely a livelihood and some money, is the hope of our civilization. So conceived, it is safe to say that American agriculture will in the long run yield not only the highest degree of economic independence but also an incomparably larger net dollar profit than at any time in the recent past.

Finally, at the present moment we have an immediate problem in saving the land and the homes of the farmers. No increase in prices will suffice for this. None nor all of the suggestions I have made will serve in this momentous necessity. We can not remain idle while millions of farmers are dispossessed and their wives and children turned out of doors. This is an intolerable spectacle and unworthy not only of a government but of anything that calls itself a civilization. As I said just now, that is not civilization, and when that goes on we do not have civilization, delude ourselves though we may. It is as barbarous as it is cruel. The governments of the States and the Government of the United States must take a hand here and without delay, not merely in the interest of the farmer, not merely in the interest of human beings but in the interest of the Government, in the interest of civilization itself we must take an instant and effectual hand here.

The States have no power to impair the obligations of contracts; the Congress of the United States has, in that it has the power to regulate the value of money and to tax the profiteer in money. It is unjust, it is immoral, it is extortion to exact of debtors from two to three to four times the value of the money loaned. Whether it be done under the form of law or rising or falling prices does not affect the essential immorality of the transaction. It is cruel to strip a man of his home upon such terms. The lawfulness of such a transaction does not modify its unrighteousness. It ought not to be done in America. Throughout this land fair terms ought to be made between creditors and debtors; and, if not voluntarily made, the Congress will find in that fact an additional reason why it should proceed to exercise its constitutional power to coin money and regulate the value thereof, regulating it with a view to just settlements and a living chance as between debtor and creditor.

Mr. President, very humbly, and with no assurance whatever of my competence to deal with difficulties so great, I submit these observations to the Senate and through the Senate and the CONGRESSIONAL RECORD to the people of America as, at any rate, my earnest effort to make a contribution in a time like this. To the suggestions I have made, Senators may object, but they represent the approved outgiving of my spirit after months here in which I have desperately striven in the hope that we all might somehow find a way for our people who have trusted us so highly and who have looked to us so earnestly and so vainly.

#### CROP PRODUCTION AND HARVESTING LOANS

Mr. SMITH. Mr. President, the Committee on Agriculture and Forestry have reported favorably, with an amendment, a bill reappropriating the so-called crop-production loans. I do not know of any opposition to this measure; and as it is so urgently needed in every quarter of this country, I ask unanimous consent for its immediate consideration. I do not think it will lead to any debate. I send to the desk the report, No. 1010.

The VICE PRESIDENT. Let the report be read so that the Senate may be informed regarding the measure.

The Chief Clerk read the report (No. 1010) of the Committee on Agriculture and Forestry on Senate bill 5160, to provide for loans to farmers for crop production and harvesting during the year 1933, as follows:

[S. Rept. No. 1010, 72d Cong., 2d sess.]

#### LOANS TO FARMERS

Mr. SMITH, from the Committee on Agriculture and Forestry, submitted the following report (to accompany S. 5160):

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, having considered the same, recommend that the bill do pass with the following amendments:

On page 1, beginning with line 3, strike out all through line 3, on page 3, and insert in lieu thereof the following:

"That the Reconstruction Finance Corporation is authorized and directed to allocate and make immediately available to the Secretary of Agriculture (1) the unexpended balance of the total amount authorized to be allocated and made available to the Secretary of Agriculture under section 2 of the Reconstruction Finance Corporation act, as amended, less any part of such amount heretofore used in connection with the creation of regional agricultural credit corporations under subsection (e) of section 201 of the emergency relief and construction act of 1932, and (2) all amounts received from the repayment of loans or advances heretofore made by the Secretary of Agriculture under such section 2, as amended. The amounts allocated and made available to the Secretary of Agriculture pursuant to this act, or so much thereof as may be necessary, shall be expended by him for the purpose of making loans or advances to farmers during the year 1933 for crop production and crop harvesting, and also, in drought and storm stricken areas, for feed for farm livestock. Such loans or advances shall be made upon such terms and conditions, in such amounts, and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, or on livestock, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for any such loan or advance. Any person who shall knowingly make any material false representation for the purpose of obtaining a loan or advance, or in assisting in obtaining a loan or advance under this act, shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned not more than six months, or both."

Amend the title so as to read: "A bill to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes."

The VICE PRESIDENT. The Senator from South Carolina asks unanimous consent for the immediate consideration of the bill. Is there objection?

Mr. WATSON. Mr. President, in the first place, I desire to ask what the parliamentary situation is in the Senate. I thought the motion to take up the merger bill was before the Senate.

The VICE PRESIDENT. The motion to proceed to the consideration of the merger bill is the pending question; and the Senator from South Carolina has presented this report with a unanimous-consent request.

Mr. WATSON. Pending that, I should like to ask the Senator from South Carolina just what this bill involves.

Mr. SMITH. Mr. President, this is a reappropriation of the fund that was appropriated last year, less the amount that has been used in the meantime, for the establishment of what are known as regional credit corporations. The amount collected, I think, would be of interest to this body.

Last year there was made possible the appropriation of \$200,000,000. There was used only about \$62,000,000. This morning I asked the department that had this matter in charge to send me a statement of the amounts collected up to date in the States that have been heard from. The Western States have not yet wired the department. The telegram was sent this morning, I understand, or late yesterday afternoon, and replies have not yet been received from the Western States. I think it would be very interesting to the Senate, in these distressing times, to hear what has been collected by the department.

Alabama has paid back 81 per cent. The amount that was loaned to her was \$1,620,000, and she has paid back \$1,318,000.

Arkansas has paid back 75 per cent plus.

Georgia has paid back 94 per cent plus.

Louisiana has paid back 94 per cent plus.

Mississippi has paid back 77 per cent plus.

North Carolina has paid back 91 per cent plus.



Oklahoma has paid back 59 per cent plus.  
 South Carolina has paid back 87 per cent plus.  
 Tennessee has paid back 56 per cent plus.  
 Texas has paid back 88 per cent plus.

And they are still taking in commodities and collateralizing them for the liquidation of these loans.

I have here a statement giving the details of the matter, which I ask to have printed in the RECORD.

Their being no objection, the statement was ordered to be printed in the RECORD, as follows:

*Loans, cash collections, and estimated collateral by cotton States through December 15, 1932*

	Approved amount of loans	Cash collections		Estimated collateral cotton at 9 cents per pound	Total cash and collateral	
		Amount	Per cent		Amount	Per cent
Alabama.....	\$1,620,346.33	\$317,260.22	19.58	\$1,001,520.00	\$1,318,780.22	81+
Arkansas.....	4,007,068.91	1,452,915.02	36.26	1,559,250.00	3,012,165.02	75+
Georgia.....	4,887,324.74	1,291,556.69	26.43	3,330,000.00	4,621,556.69	94+
Louisiana.....	2,416,337.34	1,229,966.76	50.90	1,048,950.00	2,278,916.76	94+
Mississippi.....	3,890,262.44	985,299.50	25.33	2,044,440.00	3,029,739.50	77+
North Carolina.....	4,181,000.71	2,077,561.48	49.69	1,755,000.00	3,832,561.48	91+
Oklahoma.....	629,498.00	268,715.04	42.69	103,500.00	872,215.04	59+
South Carolina.....	4,327,031.35	1,809,323.50	41.81	1,980,000.00	3,789,323.50	87+
Tennessee.....	1,298,618.43	273,415.77	21.05	460,655.00	734,070.77	56+
Texas.....	3,221,620.86	1,407,833.26	43.70	1,440,000.00	2,847,833.26	88+

Mr. WATSON. Mr. President, what was the original appropriation?

Mr. SMITH. Sixty-two million dollars.

Mr. WATSON. And how much will this bill reappropriate?

Mr. SMITH. This bill reappropriates the same amount, less the forty-odd million dollars that has been used for the purpose of creating regional credit corporations. This bill leaves in the discretion of the Secretary of Agriculture the policy to be pursued and the amount to be loaned to the individual or to the farmer. In other words, the bill is in precisely the same language that we had last year, with an amendment that we incorporated at the instance of some of the western Senators that this aid be extended to livestock when properly insured and mortgaged.

Mr. WATSON. Is there a report of the committee, may I ask my friend?

Mr. SMITH. There is a unanimous report of the committee.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill? The Chair hears none.

The Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with an amendment.

Mr. WALCOTT. Mr. President, as I understand this bill—I may be in error—the conversation we had in the committee yesterday was to the effect that the bill would be so modified that the factors of Georgia, Florida, Kentucky, and Connecticut of what is known as shade-grown tobacco could come under the operation of the bill. May I ask the Senator if that is true?

Mr. SMITH. That is true. The wording of the bill leaves it to the discretion of the Secretary of Agriculture to allocate these loans according to his determination of the needs of any particular industry.

Mr. WALCOTT. And it does not specifically apply just to one group, as it did yesterday?

Mr. SMITH. No.

Mr. WALCOTT. That language has been changed?

Mr. SMITH. The language to which the committee objected in that regard has been stricken out.

Mr. REED. Mr. President, will the Senator from South Carolina tell me whether this bill applies to any agricultural commodity, in the discretion of the Secretary of Agriculture?

Mr. SMITH. Yes.

Mr. REED. It is not limited to a particular variety of shade-grown tobacco, or anything of that sort?

Mr. SMITH. Oh, no.

The VICE PRESIDENT. The amendment of the committee will be stated.

The amendment of the Committee on Agriculture and Forestry was, on page 1, beginning with line 3, to strike out all down to and including the words "or both" in line 3 on page 3, and in lieu thereof to insert the following:

That the Reconstruction Finance Corporation is authorized and directed to allocate and make immediately available to the Secretary of Agriculture (1) the unexpended balance of the total amount authorized to be allocated and made available to the Secretary of Agriculture under section 2 of the Reconstruction Finance Corporation act, as amended, less any part of such amount heretofore used in connection with the creation of regional agricultural credit corporations under subsection (e) of section 201 of the emergency relief and construction act of 1932, and (2) all amounts received from the repayment of loans or advances heretofore made by the Secretary of Agriculture under such section 2, as amended. The amounts allocated and made available to the Secretary of Agriculture pursuant to this act, or so much thereof as may be necessary, shall be expended by him for the purpose of making loans or advances to farmers during the year 1933 for crop production and crop harvesting, and also, in drought and storm stricken areas; for feed for farm livestock. Such loans or advances shall be made upon such terms and conditions, in such amounts, and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing or to be planted and grown, or on livestock, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for any such loan or advance. Any person who shall knowingly make any material false representation for the purpose of obtaining a loan or advance, or in assisting in obtaining a loan or advance under this act, shall, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than six months, or both.

So as to make the bill read:

*Be it enacted, etc.,* That the Reconstruction Finance Corporation is authorized and directed to allocate and make immediately available to the Secretary of Agriculture (1) the unexpended balance of the total amount authorized to be allocated and made available to the Secretary of Agriculture under section 2 of the Reconstruction Finance Corporation act, as amended, less any part of such amount heretofore used in connection with the creation of regional agricultural credit corporations under subsection (e) of section 201 of the emergency relief and construction act of 1932, and (2) all amounts received from the repayment of loans or advances heretofore made by the Secretary of Agriculture under such section 2, as amended. The amounts allocated and made available to the Secretary of Agriculture pursuant to this act, or so much thereof as may be necessary, shall be expended by him for the purpose of making loans or advances to farmers during the year 1933 for crop production and crop harvesting, and also, in drought and storm stricken areas, for feed for farm livestock. Such loans or advances shall be made upon such terms and conditions, in such amounts, and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, or on livestock, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for any such loan or advance. Any person who shall knowingly make any material false representation for the purpose of obtaining a loan or advance, or in assisting in obtaining a loan or advance under this act, shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned not more than six months, or both.

SEC. 2. The Secretary of Agriculture is authorized and directed to establish such agencies as may be necessary to carry out the provisions of this act and to provide for making the relief contemplated by this act immediately available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes."

Mr. BINGHAM subsequently said: Mr. President, I wish to give notice of a motion to reconsider the vote whereby the bill S. 5160 was passed.

The VICE PRESIDENT. The motion will be entered.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hattigan, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 500) authorizing the Secretary of the Navy to sell obsolete and surplus clothing at nominal prices for distribution to the needy, in which it requested the concurrence of the Senate.

#### MERGER OF DISTRICT STREET-RAILWAY CORPORATIONS

The VICE PRESIDENT. The question is on the motion of the Senator from Vermont [Mr. AUSTIN] that the Senate proceed to the consideration of House Joint Resolution 154.



The motion was agreed to; and the Senate proceeded to consider the joint resolution (H. J. Res. 154) to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes, which had been reported from the Committee on the District of Columbia, with amendments.

The VICE PRESIDENT. The amendments of the committee will be stated.

The first amendment was, on page 22, line 21, after the word "Capital," to insert the word "Traction," and on line 22, after the word "Washington," to insert the words "Railway and Electric," so as to read:

Sec. 2. This agreement, hereinbefore set forth, shall be submitted to the stockholders of the Capital Traction Co. and the Washington Railway & Electric Co. for their action within six months after its approval by the Congress.

The amendment was agreed to.

The next amendment of the committee was, on page 26, line 10, to strike out the word "New" and to insert in lieu thereof the words "Capital Transit"; on line 21, to strike out the word "New" and to insert in lieu thereof the words "Capital Transit"; on line 23, after the word "Capital," to insert the word "Traction"; on line 24, after the word "Washington," to insert the words "Railway and Electric"; on line 25, to strike out the word "New" and to insert the words "Capital Transit," so as to read:

Sec. 10. Any and all charges to the Capital Transit Co. made by any corporation or person holding a majority of the capital stock thereof for any services shall be proved to be fair and reasonable, and only such part of said charges as the Public Utilities Commission, subject to the right of appeal to the courts, may decide to be fair and reasonable shall be considered in the determination of rates.

Sec. 11. It is understood and agreed that nothing herein shall be construed as creating any new rights of franchise to use the streets in the District of Columbia for transportation purposes: *Provided*, That the Capital Transit Co. shall exercise and succeed to all of the property, rights, and franchises of the Capital Traction and the Washington Railway & Electric Cos., which they are required herein to vest in the Capital Transit Co., subject, however, to the right of the Public Utilities Commission to order reasonable extension of, or abandonment of, tracks and facilities.

The amendments were agreed to.

Mr. BLAINE. Mr. President, if I may have the attention of the Senator from Vermont, I suggest in this connection that we perfect the section on page 27 by striking out the word "of" in line 2 and inserting after the word "or" the word "reasonable." Then we will have that disposed of.

Mr. AUSTIN. I consent to that.

The VICE PRESIDENT. The amendment will be reported.

The CHIEF CLERK. On page 27, line 2, after the word "extension," the Senator from Wisconsin moves to strike out the word "of," and after the word "or" to insert the word "reasonable," and to strike out the comma on page 27, so as to read:

Company, subject, however, to the right of the Public Utilities Commission to order reasonable extension or reasonable abandonment of tracks and facilities.

The amendment was agreed to.

Mr. AUSTIN. Mr. President, certain other amendments were unanimously agreed to in the committee this morning, and I submit the following amendment.

The VICE PRESIDENT. The amendment will be reported.

The CHIEF CLERK. The Senator from Vermont offers the following amendment: On page 5, lines 4 and 5, to strike out the words "or through subsidiaries," so as to read:

Second. The new company shall be incorporated under the provisions of Subchapter IV of Chapter XVIII of the Code of Law of the District of Columbia and pursuant to an act of Congress entitled "An act to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved March 4, 1925, with power to acquire, construct, own, and operate directly transit properties within the District of Columbia and in adjacent States, including the power to acquire, own, and operate the properties of whatsoever description to be conveyed to the new company in accordance with this agreement, and to acquire and own the stock and/or bonds of said companies and of any other company or companies engaged in the transportation of passengers by street railway or bus in the District

of Columbia and adjacent States with the power to mortgage its property, rights, and franchises, and to conduct such other activities as may be useful or necessary in connection with or incident to the foregoing purposes, including the power to buy, sell, hold, own, and convey real estate within and without the District of Columbia.

The amendment was agreed to.

Mr. AUSTIN. I submit another amendment on the same page.

The VICE PRESIDENT. The Chair suggests that these are amendments to the preamble. The bill should be passed first, and then the preamble should be amended.

Mr. AUSTIN. Mr. President, there are a number of these amendments which were agreed upon.

The VICE PRESIDENT. Are they to the preamble or are they to the bill?

Mr. BLAINE. Mr. President, these proposed amendments are not to the preamble. They are to the agreement proposed to be entered into between the companies under this resolution and are a part of the resolution.

The VICE PRESIDENT. The Chair is advised that that is set out in the preamble.

If so, the amendments should be agreed to after the bill is perfected. Has the Senator from Vermont any other amendments to come after page 22?

Mr. AUSTIN. Mr. President, on page 22, line 19, after the word "resolution" and the period, I move to insert the following:

Nothing in this paragraph shall be construed to limit the present powers of the Public Utilities Commission.

The amendment was agreed to.

Mr. BLAINE. Mr. President, I again suggest to the Senator from Vermont that we perfect that paragraph on page 22, line 17, by striking out the words "and directed." It is merely a correction of language.

Mr. AUSTIN. I consent to that.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. AUSTIN. Mr. President, on page 24, line 3, after the word "line," I move to insert a comma and the following words, "that is, bus or railway line for the transportation of passengers of the character which runs over a given route on a fixed schedule," so as to read:

Sec. 4. No competitive street railway or bus line, that is, bus or railway line for the transportation of passengers of the character which runs over a given route on a fixed schedule, shall be established without the prior issuance of a certificate by the Public Utilities Commission of the District of Columbia to the effect that the competitive line is necessary for the convenience of the public.

The amendment was agreed to.

Mr. AUSTIN. Mr. President, on page 27, line 12, I move to strike out the word "power," and in lieu thereof to insert the word "right," so as to read:

That Congress reserves the right to alter, amend, or repeal this resolution.

The amendment was agreed to.

Mr. AUSTIN. On page 27, line 13, after the word "resolution," I move to insert the words "or any charter or certificate of incorporation made thereunder, and any and all rights of franchise created by this resolution shall terminate after one year following its repeal."

Mr. BLAINE. Mr. President, I suggest that the section be read as it would appear if amended.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

Sec. 13. That Congress reserves the right to alter, amend, or repeal this resolution, or any charter or certificate of incorporation made thereunder, and any and all rights of franchise created by this resolution shall terminate after one year following its repeal.

Mr. BLAINE. I think that is not well-chosen language. It should read, "shall terminate one year following its repeal."

Mr. AUSTIN. I have no objection to adopting the language suggested, but the form in which I presented it was that in which it was agreed to in the committee.



The VICE PRESIDENT. Will the Senator from Wisconsin state the proposed change?

Mr. BLAINE. I will send to the desk the language as drafted by the attorney for the Public Utilities Commission, which language, I think, was very carefully considered. It does not make any difference in the meaning.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

That Congress reserves the right to alter, amend, or repeal this resolution, or any charter or certificate of incorporation made thereunder, and any and all rights of franchise created by this resolution shall terminate one year following its repeal.

Mr. AUSTIN. Mr. President, I accept that in lieu of the language submitted by me.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified.

The amendment as modified was agreed to.

Mr. AUSTIN. Those are all the amendments to be suggested to the joint resolution itself.

The VICE PRESIDENT. Are there further amendments? If not, the question is upon the engrossing of the amendments and the third reading of the joint resolution.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

Mr. BLAINE. Mr. President, I understand there are a number of other amendments.

The VICE PRESIDENT. Those are to the preamble and must be adopted after the joint resolution is passed. That is the last thing to be done.

Mr. BLAINE. As a legal proposition I contend this is not a preamble. It is a substantive part of the joint resolution. In common parlance it might be characterized as a preamble, but it is a very material part of the joint resolution. Without it the balance of the resolution would not be effective, so that the preamble, so called, is in fact a part of the joint resolution though recited in form as a preamble.

The VICE PRESIDENT. It can be amended and then agreed to as amended.

Mr. BLAINE. It does not make any difference which course is pursued.

The VICE PRESIDENT. The question is on the third reading and passage of the joint resolution.

The joint resolution was read the third time and passed.

The VICE PRESIDENT. The question is on agreeing to the preamble, the amendments to which will be stated in their order.

The first amendment to the preamble was on page 2, line 6, after the word "Columbia," to insert "as follows."

The amendment was agreed to.

The next amendment was on the same page, line 24, after the word "respective," to strike out "corporation" and insert "corporations," so as to read:

#### UNIFICATION AGREEMENT

Whereas the act entitled "An act to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved March 4, 1925, provides "that any or all of the street-railway companies operating in the District of Columbia be, and they are hereby, authorized and empowered to merge or consolidate, either by purchase or lease by one company of the properties, and/or stocks or securities of any of the others, or by the formation of a new corporation to acquire the properties and/or stocks or securities and to succeed to the powers and obligations of each or any of said companies under such terms and conditions as may be agreed upon by vote of a majority in amount of the stock of the respective corporations, and as may be approved by the Public Utilities Commission of the District of Columbia.

The amendment was agreed to.

Mr. AUSTIN. I submit the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 5, lines 4 and 5, strike out the words "or through subsidiaries."

The VICE PRESIDENT. Without objection the amendment is agreed to.

The CHIEF CLERK. In line 6, after the word "and," insert the words "either directly or through subsidiaries."

The VICE PRESIDENT. Without objection the amendment is agreed to.

Mr. BLAINE. Mr. President, may I have the attention of the Senator from Vermont? It may not be very material, but after the word "power," on page 5, line 3, there should be inserted the words "subject to the approval of the Public Utilities Commission."

Mr. AUSTIN. I have no objection, and accept the amendment.

The VICE PRESIDENT. Without objection the modified amendment is agreed to.

Mr. BLAINE. As a question of grammar, in lines 7 and 8, on the same page, the words "of whatsoever description" would seem to be surplusage, and merely in the interest of good language should be stricken out.

Mr. AUSTIN. I agree to the deletion of those words.

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. On page 5, lines 7 and 8, strike out the words "of whatsoever description."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. AUSTIN. On page 5, line 23, after the word "jurisdiction," I move to insert the words "now or hereafter."

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. On page 5, line 23, after the word "jurisdiction," insert the words "now or hereafter."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. AUSTIN. On page 6, line 1, I move to strike out all after the word "Columbia," striking out the remainder of the paragraph, and in lieu thereof, before the period, insert a colon and the following: "Provided, That before they are reported the articles of incorporation and/or any amendment thereto shall be approved by the Public Utilities Commission."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. AUSTIN. On page 8, line 12, after the word "merger" and before the period, I move to insert a comma and the words "and order reasonable extension and/or reasonable abandonment of tracks and facilities."

Mr. BLAINE. I do not know—it may be a matter of choice—whether it should be "and" or "or." It is merely to bring it in harmony with the other language.

Mr. AUSTIN. I have no objection to the use of the conjunctive and disjunctive.

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. On page 8, line 12, after the word "merger," insert "and to order reasonable extensions and/or reasonable abandonment of tracks and/or facilities."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. BLAINE. May I again have the attention of the Senator from Vermont? On page 7, paragraph 4, it seems to me the whole paragraph could well be stricken out.

Mr. AUSTIN. Mr. President, I am here representing the committee. It was a unanimous report, which did not include the Senator's objection, and therefore I hope the distinguished Senator from Wisconsin will not ask me to agree to it.

Mr. BLAINE. It is not material, but the majority committee reported the Senate bill and that was stricken out. In making up the minority report the minority members struck it out, in harmony with the majority report on the Senate bill.

Mr. AUSTIN. I can not agree to that. I think the statement of the Senator from Wisconsin is correct, but that is not quite true of many other things contained in the Senate bill. Therefore I feel bound to represent the committee in this matter and adhere to the agreement made this morning.

Mr. BLAINE. I would not in any wise assume that the Senator would be misrepresenting the action of the committee this morning. The only materiality of striking this out is to harmonize the bill with existing law. This paragraph does not add to or take away any power or authority of the utilities or the Utilities Commission. It is simply wholly unnecessary. That is the only point I



make about it. I think the proper legislative procedure would be to strike it out. I have no concern otherwise. If the Senator resists it, I have no concern, though I think in the interest of harmonizing the legislation with the existing powers of the commission and the utilities it ought to go out. It does not change the situation one bit.

Mr. AUSTIN. I feel that we should complete the committee report on this matter. Then if the Senator from Wisconsin wishes to take up this question again and have it considered there will be no objection.

Mr. BLAINE. Very well.

The next amendment was, on page 9, line 23, before "\$5,800,000," to insert "not exceeding," so as to read:

In consideration thereof the new company shall—

(a) Issue to the Capital Co. such shares of its capital stock and/or other securities as may be agreed upon by the Capital and Washington Cos. and approved by the Public Utilities Commission of the District of Columbia.

(b) Assume and discharge as the same mature all of the liabilities of the Capital Co., such liabilities to be not exceeding \$5,800,000 principal amount of Capital Traction first mortgage bonds bearing interest at the rate of 5 per cent per annum, due June 1, 1947 (in addition to \$200,000 principal amount thereof now in the treasury of the Capital Co. which shall be canceled on or before the date of closing hereunder), and current liabilities arising in normal conduct of the business.

The amendment was agreed to.

The next amendment was, on page 11, line 23, after the word "devices," to strike out "now" and insert "not," so as to read:

B. The Washington Co. will vest, or cause to be vested in the new company all of its physical property, real and personal, Glen Echo Amusement Park (except devices not owned by the Washington Co. or Glen Echo Park Co.), tracks, lands, buildings, shops, structures, machinery, rolling stock—

And so forth.

The amendment was agreed to.

The next amendment was, on page 15, line 10, to strike out the word "approve" and insert in lieu thereof the word "approved," so as to read:

The new company is authorized to acquire any or all of the outstanding stock of the Washington Rapid Transit Co. (the bus company) on such terms as may be accepted by the owners of said shares of stock and may be approved by the Public Utilities Commission; if and when a majority of the outstanding shares of the said Washington Rapid Transit Co. is acquired by the new company, the Washington Rapid Transit Co. shall be merged or consolidated with the new company when and if the Public Utilities Commission shall so require.

The amendment was agreed to.

Mr. AUSTIN. On page 15, line 8, after the parenthesis, insert the words "at the fair value thereof, and."

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. On page 15, line 8, after the parenthesis, insert the words "at the fair value thereof, and."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. BLAINE. Mr. President, I would like to submit a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BLAINE. Returning to page 11, I inquire whether or not the committee amendment in line 23 was adopted. It is a mere formal matter.

The VICE PRESIDENT. The amendment was agreed to.

Mr. AUSTIN. On page 16, beginning in line 10, I move to strike out all of paragraph 10 down to and including line 23, on page 17, and insert in lieu thereof the following.

The VICE PRESIDENT. Let the amendment be stated.

Mr. BLAINE. Mr. President, may I interrupt the reading by the clerk? I think that the striking out of paragraph 10 should begin in line 7.

Mr. AUSTIN. That is correct.

The CHIEF CLERK. Strike out the tenth paragraph on page 16, beginning in line 7, down to and including line 23, on page 17, and insert in lieu thereof the following:

Tenth. The Washington Co. shall cause the Potomac Electric Power Co. to enter into a contract with the new company, subject to the approval of the Public Utilities Commission, said power contract to become effective as of the date of consummation of this merger, and run for the life of whichever of the last-mentioned companies expires first, and to provide that the Poto-

mac Electric Power Co., or its successors and/or assigns, will at all times, on request, furnish an adequate supply of electric power for the maintenance and operation of the transit properties of the new company, and at such reasonable rates as the Public Utilities Commission may from time to time fix. The Washington Co. shall assign to the Potomac Electric Power Co. all existing contracts for the sale of power to other railway companies.

Mr. BLAINE. Mr. President, may I have the attention of the Senator from Vermont? After the word "all" it was determined before we adjourned to insert the words "of its," so it would read "Potomac Electric Power Co. all of its existing contracts," and so forth.

Mr. AUSTIN. I accept the modification.

The VICE PRESIDENT. Without objection, the amendment, as modified, is agreed to.

Mr. AUSTIN. I now move, on page 18, beginning with line 15, to strike out paragraph 13 in its entirety and to insert in lieu thereof the following, which I send to the desk.

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. On page 18, beginning with line 15, strike out paragraph 13 in its entirety and insert in lieu thereof the following:

Thirteenth. The new company shall grant with each street-railway fare a free immediate transfer to any connecting portion of its street-railway lines within the District of Columbia, subject to reasonable rules and regulations to prevent abuse thereof. In addition, transfers between street cars and busses and between bus lines shall be granted under such reasonable terms and conditions as the Public Utilities Commission may prescribe: *Provided*, That this shall not be interpreted to prohibit establishment, with the approval of the Public Utilities Commission, of special fares lower than the basic fare without transfer privilege.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. BLAINE. Mr. President, I will ask the clerk again to read the last three lines, beginning with the word "*Provided*."

The VICE PRESIDENT. The clerk will read, as requested.

The Chief Clerk read as follows:

*Provided*, That this shall not be interpreted to prohibit establishment, with the approval of the Public Utilities Commission, of special fares lower than the basic fare without transfer privilege.

Mr. BLAINE. Mr. President, I want to call the attention of the Senator from Vermont to the fact that last night that language was in dispute, and the attorney for the Public Utilities Commission and the people's counsel were directed to redraft the language, and that redrafted language is submitted, which reads as follows:

*Provided*, That this shall not be interpreted so as to prevent the Public Utilities Commission from establishing special fares lower than the basic rate without transfer privileges.

Mr. AUSTIN. Mr. President, as I interpret the two, I do not clearly see any distinction between them, and I understood that the text sent to the desk came from the same source of which the Senator from Wisconsin speaks. Does the Senator see any difference?

Mr. BLAINE. I think there is a difference. As I recall, the matter was called to the attention of the committee by the president of one of the street-railway companies suggesting the possibility of ambiguity, and the people's counsel and the attorney for the Public Utilities Commission were directed to redraft it, and that redraft was submitted to the committee this morning and approved.

Mr. AUSTIN. I am entirely satisfied with the language suggested, and I send it to the desk as a substitute for that which was formerly sent to the desk.

The VICE PRESIDENT. The Senator from Vermont withdraws his previous amendment and offers an amendment in lieu thereof, which will be stated.

The CHIEF CLERK. It is proposed to strike out from line 15 to line 24, both inclusive, on page 18, and insert in lieu thereof the following:

Thirteenth. The new company shall grant with each street-railway fare a free immediate transfer to any connecting portion of the street-railway lines within the District of Columbia, subject to reasonable rules and regulations to prevent abuse thereof. In addition, transfers between street cars and busses and between bus lines shall be granted under such reasonable terms and conditions as the Public Utilities Commission may prescribe: *Provided*,



That this shall not be interpreted so as to prevent the Public Utilities Commission from establishing special fares lower than the basic rate without transfer privileges.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. AUSTIN. On page 20, line 3, after the word "line," I move to insert a comma and the words which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 20, line 3, after the word "line," it is proposed to insert a comma and the words "that is, bus or railway line for the transportation of passengers of the character which runs over a given route on a fixed schedule."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. BLAINE. Mr. President, there might be a question as to punctuation. I think there should be a comma after the word "schedule." The clerk did not read it that way; so I merely call his attention to it.

The VICE PRESIDENT. The comma will be inserted if it is required.

Mr. AUSTIN. On page 20, line 8, after the word "any," I move to insert the word "reasonable."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. AUSTIN. On page 20, line 10, after the word "therewith," I move to insert the words "subject to the approval of the Public Utilities Commission."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

The next amendment was, on page 20, line 22, to strike out the words "section 8," and to insert in lieu thereof the words "paragraph eighth," so as to read:

Seventeenth. The new company upon opening its books of account, shall set up reserves, special accounts, and deferred charges equal to the combined reserves, depreciation funds, special accounts, and deferred charges of the Capital and Washington Cos. in so far as they relate to depreciation of properties turned over to the new company or to liabilities assumed by it, other than the reserve for injuries and damages as heretofore provided in paragraph eighth.

The amendment was agreed to.

The next amendment was, on page 21, line 21, to strike out the words "agreement: Now, therefore, be it," and to insert in lieu thereof the word "agreement," so as to read:

Eighteenth. Approval of this agreement by the Public Utilities Commission or Congress shall not be taken as approval of the considerations mentioned herein for properties or stocks, nor as binding upon the Public Utilities Commission in any future determination of the fair value of the properties used and useful for the public convenience belonging to the Washington Co., the Capital Co., or to be acquired by the new company, that may be made in accordance with this agreement.

The amendment was agreed to.

The next amendment was, on page 21, after line 22, to insert a new paragraph, as follows:

Nineteenth. The new company acquiesces in the jurisdiction of the Public Utilities Commission to fix reasonably reduced rates of fare for school children, not over 18 years of age, going to and from public, parochial, or like schools in the District of Columbia, and to establish rules and regulations governing the use thereof.

Now, therefore, be it

Mr. AUSTIN. Mr. President, the committee agreed unanimously on a substitute for that proposed amendment, which I desire to read, because I have only one copy of it. The new section proposed to be inserted is as follows:

Nineteenth. The Public Utilities Commission shall fix the rate of fare at 3 cents for school children not over 18 years of age going to and from public, parochial, or like schools in the District of Columbia, and to establish rules and regulations governing the use thereof: *Provided*, That upon the acceptance of this agreement by the parties and the completion of the unification, the provisions of the act entitled "An act to provide for the transportation of school children in the District of Columbia at a reduced fare," approved February 7, 1931, shall become inoperative as inconsistent with this provision.

Now, therefore, be it

Mr. BLAINE. Mr. President, my attention has been called to what I feel is not the best choice of language. After

the words "District of Columbia" it reads "and to establish rules and regulations." I suggest that we strike out "to" and insert "shall," so that it will read, "and shall establish rules and regulations."

Mr. AUSTIN. I agree to that.

Mr. BLAINE. I would like to have the Senator from Vermont read the concluding portion of the suggested amendment.

Mr. AUSTIN. It reads, "approved February 7, 1931, shall become inoperative as inconsistent with this provision."

Mr. BLAINE. I suggest that the words "as inconsistent with this provision" be stricken out. I think that is compatible with the committee's understanding of the final draft.

Mr. AUSTIN. I consent to that.

The VICE PRESIDENT. That modification will be made. The question is on agreeing to the amendment to the amendment as modified.

The amendment to the amendment as modified was agreed to.

The amendment as amended was agreed to.

Mr. BLAINE. Mr. President, I want to renew the suggestion I made a little while ago respecting paragraph 4 on page 7. I will not persist in my suggestion, but I merely wish to emphasize that that really ought to be stricken out. I do not believe anybody wants it, as a matter of fact.

Mr. AUSTIN. Mr. President, it is a clause that is often found in charters. Sometimes it is left to a general statute; but in this instance it appears in a contract, and I very much dislike to change another man's contract. This is an agreement between the utilities in the District of Columbia which are to be united, and paragraph 4 is part of the agreement. Their officials were present at our conferences and assented to that compromise and the agreement which we have now carried out. I feel as though I ought not to assent to a further modification of the agreement.

Mr. BLAINE. Mr. President, I have no desire to press the point. I think it is a matter of draftsmanship, and I simply want to have it of record that if I were drafting it I would leave out this paragraph. Whether it is in or out is wholly immaterial as to the merits or demerits of the joint resolution.

The VICE PRESIDENT. The question is on agreeing to the preamble, as amended.

The preamble, as amended, was agreed to.

The VICE PRESIDENT. Without objection, Calendar No. 497, being Senate Joint Resolution 13, of identical title with the House joint resolution just passed, will be indefinitely postponed.

House Joint Resolution 154, as passed, reads as follows:

Whereas pursuant to the act entitled "An act to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved March 4, 1925, a form of agreement to carry this into effect and providing for the formation of a new corporation to be known as the Capital Transit Co., to acquire properties and/or stocks or securities, and to succeed to the powers and obligations of the Capital Traction Co. and to succeed to the powers and obligations of the Washington Railway & Electric Co., directly connected with or relating to the operation of street railway and bus transportation, has been approved by the Public Utilities Commission of the District of Columbia, as follows:

#### UNIFICATION AGREEMENT

Whereas the act entitled "An act to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved March 4, 1925, provides "that any or all of the street-railway companies operating in the District of Columbia be, and they are hereby, authorized and empowered to merge or consolidate, either by purchase or lease by one company of the properties, and/or stocks or securities of any of the others, or by the formation of a new corporation to acquire the properties and/or stocks or securities and to succeed to the powers and obligations of each or any of said companies under such terms and conditions as may be agreed upon by vote of a majority in amount of the stock of the respective corporations, and as may be approved by the Public Utilities Commission of the District of Columbia: *Provided*, That no merger of said companies shall be finally consummated until the same is approved by a joint resolution of Congress. Such new corporation shall be incorporated under the provisions of Subchapter IV, Chapter XVIII of the Code of Law of the District of Columbia as far as applicable, with issues of stock at a stated par value and/or of no par value, as may be approved by the Public Utilities Commission"; and



Whereas the Washington Railway & Electric Co. (hereinafter referred to as the "Washington Co.") and the Capital Traction Co. (hereinafter referred to as the "Capital Co."), street-railway companies now operating in the District of Columbia, are organized in accordance with special acts of the Congress of the United States for the purpose of carrying on street railway and other business; and

Whereas it is deemed advisable, for the purpose of greater efficiency and economy of management and for the benefit and advantage of the public and of the stockholders of said companies, that their transit properties used in the business of street railway and bus transportation within the District of Columbia or between the District of Columbia and adjacent States, and such other property and assets, real and personal, tangible and intangible, as may be described in this agreement shall be placed under unified ownership and operation; and

Whereas the premises, covenants, agreements, grants, terms, and conditions herein have been approved by the Public Utilities Commission of the District of Columbia:

Now, therefore, if and when the said premises, covenants, grants, terms, and conditions herein contained are agreed upon by a vote of a majority in amount of the stock of the respective corporations, their respective properties as hereinafter described shall be transferred to and vested in the new company and the mode of carrying the same into effect shall be as follows:

First. The name of the new company shall be Capital Transit Co. (hereinafter referred to as the "new company").

Second. The new company shall be incorporated under the provisions of Subchapter IV of Chapter XVIII of the Code of Law of the District of Columbia and pursuant to an act of Congress entitled "An act to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved March 4, 1925, with power, subject to the approval of the Public Utilities Commission, to acquire, construct, own, and operate directly transit properties within the District of Columbia and in adjacent States, including the power to acquire, own, and, either directly or through subsidiaries, operate the properties to be conveyed to the new company in accordance with this agreement, and to acquire and own the stock and/or bonds of said companies and of any other company or companies engaged in the transportation of passengers by street railway or bus in the District of Columbia and adjacent States, with the power to mortgage its property, rights, and franchises, and to conduct such other activities as may be useful or necessary in connection with or incident to the foregoing purposes, including the power to buy, sell, hold, own, and convey real estate within and without the District of Columbia. Said new company when incorporated shall become and remain subject in all respects to regulation by the Public Utilities Commission of the District of Columbia or its successors to the extent of the jurisdiction now or hereafter vested in it or them by law over corporations engaged in the transportation of passengers by street railway or bus within the District of Columbia: *Provided*, That before they are recorded, the articles of incorporation and/or any amendments thereto shall be approved by the Public Utilities Commission.

Third. The board of directors of the new company shall consist of 15 persons. Of the 15 original directors, 7 shall be nominated by the Washington Co., 7 by the Capital Co., and 1, to hold office for two years, shall be agreed upon by the 14 nominated as above. Of the directors so to be initially nominated by the Capital Co., 5 shall hold office for three years and 2 shall hold office for two years. Of the directors so to be initially nominated by the Washington Co., 2 shall hold office for two years and 5 shall hold office for one year.

The directors shall be stockholders and at least nine of them bona fide residents of the District of Columbia, and shall, except as hereinbefore provided, be elected annually by the stockholders at such time and place as shall be determined by the by-laws of the company. The officers of the new company shall be selected by the board of directors.

Fourth. The new company shall have such rules, regulations, and by-laws as the directors shall adopt not contrary to its charter or to the laws in force in the District of Columbia. The duties and powers of the directors and the duties and powers of the officers of the company shall be such as are set forth in the by-laws.

Fifth. The authorized number and par value of the shares of stock of the new company, the number of shares of stock to be issued originally for the purpose of the unification and in payment for the properties of the Capital Co. and the Washington Co. to be acquired hereunder, the bonded indebtedness of the new company, the division of the stock issued by the new company between the Washington Co. and the Capital Co. shall all be as approved by the Public Utilities Commission of the District of Columbia: *Provided*, That the original bonded indebtedness and stock liability of the new company shall not be in excess of the total amount of the stocks, certificates of stock, bonds, or other evidences of indebtedness then outstanding against the Capital Co. and the Washington Co.

Sixth. After the original issue of stock for the purposes of the unification additional shares of stock and/or additional bonds or other evidences of indebtedness may, subject to the approval of the Public Utilities Commission of the District of Columbia, be issued by the directors from time to time for cash or in payment for bonds, or property, or to reimburse the treasury for capital expenditures.

Seventh. Approval of this agreement by joint resolution or act of Congress of the United States shall constitute and confer jurisdiction on the Public Utilities Commission to issue any order reasonably necessary to secure the operating and/or other economies contemplated by this merger, and to order reasonable extensions and/or reasonable abandonments of tracks and/or facilities. And said orders shall have the same legal effect and be enforceable in the same manner as other orders of said commission.

Eighth. Upon the organization of the new company the following transactions shall be carried out substantially simultaneously:

A. The Capital Co. shall vest in the new company all of its current assets, all moneys or securities of every form owned by it, whether held as cash, securities, choses in action, or special funds of any nature, all of its estates, lands, rights, powers, privileges, licenses, franchises, and properties, real and personal, tangible and intangible, of every kind (including without limiting the generality of the foregoing, 202 shares of the par value of \$50 per share of the capital stock of the Washington & Maryland Railroad Co. out of a total of 202 shares issued and outstanding, \$66,000 principal amount of 6 per cent bonds of said company, due January 15, 1947, and a demand note for the principal amount of \$20,500 bearing interest at the rate of 6 per cent per annum made by said company indorsed to the Capital Co.), and shall transfer to the new company all existing operating and other contracts and/or rights (subject to all conditions of said contracts) and shall execute all deeds, assignments, and/or other conveyances requisite for such purpose.

In consideration therefor the new company shall—

(a) Issue to the Capital Co. such shares of its capital stock and/or other securities as may be agreed upon by the Capital and Washington Cos. and approved by the Public Utilities Commission of the District of Columbia.

(b) Assume and discharge as the same mature all of the liabilities of the Capital Co., such liabilities to be not exceeding \$5,800,000 principal amount of Capital Traction first-mortgage bonds bearing interest at the rate of 5 per cent per annum, due June 1, 1947 (in addition to \$200,000 principal amount thereof now in the treasury of the Capital Co. which shall be canceled on or before the date of closing hereunder), and current liabilities arising in normal conduct of the business.

It is understood and agreed that to carry out the intent thereof the Capital Co. shall and will, as soon as may be possible after the date of closing as hereinafter defined, make distribution to its stockholders, liquidate, and dissolve, and that to this end approval of this agreement by joint resolution or act of the Congress of the United States shall constitute and confer all necessary authority to the Capital Co. to liquidate its assets by distributing amongst its stockholders, in proportion to their several holdings of stock in said company, the shares of stock of the new company which it shall have received as the consideration for the sale, transfer, and conveyance of its property to the said new company as provided herein, and thereupon to liquidate its affairs and dissolve its corporate existence: *Provided*, That the existing liabilities of the said Capital Co. and the rights of its creditors shall not be affected thereby, and that such creditors shall have, as to the new company upon the transfer of property to it as aforesaid, all rights and remedies which they may then have as to the Capital Co.: *And provided further*, That no action or proceedings to which the Capital Co. is a party shall abate in consequence thereof, but the same may be continued in the name of the party by or against which the same was begun, unless the court in which said action or proceedings are pending shall order the new company to be substituted in its place and stead: *And provided further*, That the fact of such dissolution in accordance with this provision shall be published once a week for two successive weeks thereafter in at least two daily newspapers of general circulation published in the city of Washington, D. C.

The date of closing is hereby defined as the date of the transfer of the properties mentioned herein to the new company and the delivery of new company shares to the Capital and Washington Cos. in accordance herewith.

B. The Washington Co. will vest or cause to be vested in the new company, all of its physical property, real and personal, Glen Echo Amusement Park (except devices not owned by the Washington Co. or Glen Echo Park Co.), tracks, lands, buildings, shops, structures, machinery, rolling stock, busses, easements, franchises, rights, operating and other contracts for the use of tracks, power, exchange of facilities or otherwise directly connected with or relating to and used in the ordinary operation and business of an electric railway, motor bus, public transportation company, and common carrier, situate in the District of Columbia and State of Maryland (subject to all conditions of said contracts), including without limiting the generality of the foregoing, the physical property, rights, and franchises of the Washington & Rockville Railway Co. of Montgomery County, used in the operation of said transit business; with the understanding, however, that nothing herein shall be understood to include the transfer of the right of the Washington Co. and the Washington & Rockville Railway Co. of Montgomery County to exist as corporations or separate corporate entities; nor to include the stock of the Potomac Electric Power Co., the Braddock Light & Power Co. (Inc.), Great Falls Power Co., Potomac Electric Appliance Co., or other investments in stock, bonds, or personal property not connected with or used in the ordinary conduct of the business of said electric railways; nor any cash, bills receivable, credits, or choses in action, except as otherwise herein pro-



vided (and that approval of this agreement by joint resolution or act of the Congress of the United States shall constitute and confer the necessary authority to the Washington Co. to retain and hold the aforesaid stocks of the said companies). A general description of the property to be transferred hereunder shall be prepared and delivered to the Capital Co. before the final execution of deeds, and the Washington Co. shall execute all deeds, assignments, and/or other conveyances requisite for such purpose. It being understood, however, that the Washington Co. will transfer to the new company net current assets equal to the net current assets transferred to the new company by the Capital Co., as hereinbefore provided, and no more.

The said property of the Washington Co. shall be vested in the new company, subject, in so far but only in so far, as the same may by terms of such mortgages, respectively, attach to any part or parts of said property to the following mortgages or deeds of trust:

(1) First mortgage of the City & Suburban Railway of Washington, dated September 1, 1898, made to the Baltimore Trust & Guaranty Co., as trustee.

(2) First mortgage of the Anacostia & Potomac River Railroad Co., dated April 1, 1899, made to the Baltimore Trust & Guaranty Co., as trustee.

(3) Consolidated mortgage of the Washington Railway & Electric Co., dated March 1, 1902, made to United States Mortgage & Trust Co., as trustee.

In consideration therefore the new company shall issue to the Washington Co. such shares of its capital stock and/or other securities as may be agreed upon by the Capital and Washington Cos. and approved by the Public Utilities Commission of the District of Columbia, and shall assume such of the above-described bonds as may be approved by the Public Utilities Commission, and in addition shall assume and discharge, as the same mature, liabilities of the Washington Co. incident to the transit business to be transferred as aforesaid.

Out of the total net current assets received by the new company there shall be set aside a reserve in an amount sufficient in the opinion of the Public Utilities Commission to liquidate all claims for injuries and damages against the Washington Co. and the Capital Co. on account of operations prior to the date of closing: *Provided*, That any excess or deficit in such reserve remaining after the final liquidation of such claims for injuries and damages shall be credited or debited, respectively, to the surplus of the new company.

The new company is authorized to acquire any or all of the outstanding stock of the Washington Rapid Transit Co. (the bus company) at the fair value thereof and on such terms as may be accepted by the owners of said shares of stock and may be approved by the Public Utilities Commission; if and when a majority of the outstanding shares of the said Washington Rapid Transit Co. is acquired by the new company, the Washington Rapid Transit Co. shall be merged or consolidated with the new company when and if the Public Utilities Commission shall so require.

Ninth. The foregoing is based on the present conditions and business of the participating companies and on the assumption that, in the interval before the consummation of the foregoing transactions, there will be no change in the transit businesses, other than as a result of normal operations or necessary to meet changed operating conditions, and that no distribution will be made to the stockholders of Capital Co., except the regular dividend payments, at not exceeding 7 per cent per annum, and that, subject to such exceptions, the assets and liabilities of the participating companies will be substantially as appears from their balance sheets, as of the 31st of December, 1931, subject to variations in the normal course of business.

Tenth. The Washington Co. shall cause the Potomac Electric Power Co. to enter into a contract with the new company, subject to the approval of the Public Utilities Commission, said power contract to become effective as of the date of consummation of this merger and run for the life of whichever of the last-mentioned companies expires first, and to provide that the Potomac Electric Power Co., or its successors, and/or assigns will at all times, on request, furnish an adequate supply of electric power for the maintenance and operation of the transit properties of the new company, and at such reasonable rates as the Public Utilities Commission may from time to time fix. The Washington Co. shall assign to the Potomac Electric Power Co. all of its existing contracts for the sale of power to other railway companies.

Eleventh. The Washington Co. shall remain subject to the jurisdiction of the Public Utilities Commission. Any sinking funds now held by it shall remain available for the discharge of securities for which it remains liable and which are secured directly or indirectly by any lien upon property turned over to the new company.

Twelfth. Any and all rights with regard to valuations and/or rate bases now possessed by any of the parties to this agreement shall not be prejudiced hereby, and shall be enjoyed by the new company until a valuation of the properties of the company shall be fixed as now or hereafter provided by law: *Provided*, That nothing contained herein shall deprive the new company of any rights under the Constitution of the United States.

Thirteenth. The new company shall grant with each street-railway fare a free immediate transfer to any connecting portion of its street-railway lines within the District of Columbia, subject to reasonable rules and regulations to prevent abuse thereof. In addition, transfers between street cars and busses and between bus lines shall be granted under such reasonable terms and condi-

tions as the Public Utilities Commission may prescribe: *Provided*, That this shall not be interpreted so as to prevent the Public Utilities Commission from establishing special fares lower than the basic rate without transfer privileges.

Fourteenth. This agreement is conditioned upon the new company being relieved from the expense of policemen at street-railway crossings and intersections, the laying of new pavement, the making of permanent improvements, renewals or repairs to the pavements of streets and public bridges; and the permanent improvements, renewals, or repairs to public bridges over which the street-car lines operate; except that the new company shall bear the entire cost of paving repairs or replacements incident to track repairs, replacements, or changes made at a time when the street or bridge is not being paved, and shall bear one-half the cost of other paving, repaving, or maintenance of paving between its tracks and for 2 feet outside of the outer rails, and shall bear the excess cost of construction and maintenance of public bridges, due to the installation or existence of its tracks on such bridges, but nothing herein shall relieve the new company from liability for street paving as owner of real estate apart from rights of way occupied by its tracks, as set out in the so-called Borland law, approved September 1, 1916, as amended to date, and/or in an act to provide for special assessments for the paving of roadways and the laying of curbs and gutters, approved February 20, 1931.

Fifteenth. Legislation obtained to effectuate this agreement shall contain a provision that no competitive street railway or bus line—that is, bus or railway line for the transportation of passengers of the character which runs over a given route on a fixed schedule—shall be established without the prior issuance of a certificate by the Public Utilities Commission of the District of Columbia to the effect that the competitive line is necessary for the convenience of the public.

Sixteenth. The new company may defray any reasonable legal and other expenses of unification which may be necessarily incurred in connection therewith, subject to the approval of the Public Utilities Commission; provided that these expenses shall be treated in the accounts of the new company as ordered by the Public Utilities Commission.

Seventeenth. The new company upon opening its books of account shall set up reserves, special accounts, and deferred charges equal to the combined reserves, depreciation funds, special accounts, and deferred charges of the Capital and Washington Cos. in so far as they relate to depreciation of properties turned over to the new company or to liabilities assumed by it, other than the reserve for injuries and damages as heretofore provided in paragraph 8. Such reserves, or accounts, shall be set up in such manner that there shall be continuity of accounting between the books of the Capital and Washington Cos. and the new company: *Provided*, That the new company shall not be required to maintain any depreciation fund if it sets up a reserve against depreciation at rates fixed therefor by the Public Utilities Commission, but may use money and/or securities in any depreciation fund turned over to it in any manner approved by the Public Utilities Commission. Nothing herein provided shall be construed as changing or limiting the jurisdiction of said commission over depreciation accounts of any of said companies.

Eighteenth. Approval of this agreement by the Public Utilities Commission or Congress shall not be taken as approval of the considerations mentioned herein for properties or stocks, nor as binding upon the Public Utilities Commission in any future determination of the fair value of the properties used and useful for the public convenience belonging to the Washington Co., the Capital Co., or to be acquired by the new company, that may be made in accordance with this agreement.

Nineteenth. The Public Utilities Commission shall fix the rate of fare at 3 cents for school children not over 18 years of age going to and from public, parochial, or like schools in the District of Columbia, and shall establish rules and regulations governing the use thereof: *Provided*, That upon the acceptance of this agreement by the parties and the completion of the unification, the provisions of the act entitled "An act to provide for the transportation of school children in the District of Columbia at a reduced fare," approved February 27, 1931, shall become inoperative.

Now, therefore, be it  
*Resolved, etc.*, That such unification in accordance with said agreement, and each and every one of the provisions therein, be, and the same are hereby, ratified and approved, and said Capital Transit Co., when organized under the provisions of subchapter 4, chapter 18, of the Code of Law of the District of Columbia, shall have all the powers, benefits, and obligations expressed in said unification agreement, approved as aforesaid; and the Public Utilities Commission of the District of Columbia be, and is hereby, authorized to do all such acts and things as may be necessary or appropriate on its part to carry out the provisions of said agreement and of this resolution. Nothing in this paragraph shall be construed to limit the present powers of the Public Utilities Commission.

Sec. 2. This agreement, hereinbefore set forth, shall be submitted to the stockholders of the Capital Traction Co. and the Washington Railway & Electric Co. for their action within six months after its approval by the Congress.

Sec. 3. That all provisions of law making it incumbent upon any street railway company to bear the expense of policemen at street-railway crossings and intersections, the laying of new pavement, the making of permanent improvements, renewals, or repairs to the pavement of streets and public bridges, and the permanent improvements, renewals, or repairs to public bridges over which the street-car lines operate, are hereby repealed, such repeal to be



effective on the date the unification herein authorized becomes operative: *Provided*, That the Capital Transit Co. herein provided for shall bear the entire cost of paving, repairs, or replacements incident to track repairs, replacements, or changes made at a time when the street or bridge is not being paved, and shall bear one-half the cost of other paving, repaving, or maintenance of paving between its track and for 2 feet outside the outer rails, and shall bear the excess cost of construction and maintenance of public bridges due to the existence or installation of its tracks on such bridges: *Provided further*, That nothing herein contained shall relieve said Capital Transit Co. from liability for street paving as owner of real estate apart from right of way occupied by its tracks as provided by section 8 of the act of Congress entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1917, and for other purposes," approved September 1, 1916, as amended to date.

Sec. 4. No competitive street railway or bus line; that is, bus or railway line for the transportation of passengers of the character which runs over a given route on a fixed schedule, shall be established without the prior issuance of a certificate by the Public Utilities Commission of the District of Columbia to the effect that the competitive line is necessary for the convenience of the public.

Sec. 5. That the Capital Traction Co. is hereby authorized and empowered, upon the consummation of the aforesaid unification agreement, to dissolve and to liquidate its assets and make distribution among its stockholders in accordance with said agreement: *Provided*, That the existing liabilities of the said Capital Traction Co. and the rights of its creditors shall not be affected thereby, and that such creditors shall have, as to the said Capital Transit Co., upon the transfer of property to it as provided in said agreement, all rights and remedies which they may then have as to the Capital Traction Co.: *Provided further*, That no action or proceedings to which the Capital Traction Co. is a party, shall abate in consequence thereof, but the same may be continued in the name of the party by or against which the same was begun, unless the court in which said action or proceedings are pending shall order the Capital Transit Co. to be substituted in its place and stead: *And provided further*, That the fact of such dissolution in accordance with this provision shall be published once a week for two successive weeks thereafter in at least two daily newspapers of general circulation published in the city of Washington, D. C.

Sec. 6. That the Washington Railway & Electric Co. is hereby authorized and empowered to retain and hold stocks and bonds as provided in said unification agreement and to issue from time to time stocks, bonds, and/or other evidences of indebtedness subject to the approval of the Public Utilities Commission of the District of Columbia.

Sec. 7. That in accordance with said unification agreement, the Capital Transit Co. to be created as aforesaid is hereby authorized and empowered to purchase all or any part of the outstanding capital stock of the Washington Rapid Transit Co.; and said company shall be merged or consolidated with the said Capital Transit Co. when and if the Public Utilities Commission shall so require.

Sec. 8. That nothing contained in this resolution shall be taken as extending or limiting the powers and duties of the Public Utilities Commission except as provided in this resolution and by said unification agreement, and all powers granted by this resolution to the Capital Transit Co. shall be exercised subject to the supervision of and regulation by the Public Utilities Commission as provided by law.

Sec. 9. The unification herein provided for shall become effective when but not until agreed upon by vote of more than a majority in amount of the stock of the respective companies and notices to that effect have been filed with the Public Utilities Commission of the District of Columbia within two years from and after the passage of this joint resolution.

Sec. 10. Any and all charges to the Capital Transit Co. made by any corporation or person holding a majority of the capital stock thereof for any services shall be proved to be fair and reasonable, and only such part of said charges as the Public Utilities Commission, subject to the right of appeal to the courts, may decide to be fair and reasonable shall be considered in the determination of rates.

Sec. 11. It is understood and agreed that nothing herein shall be construed as creating any new rights of franchise to use the streets in the District of Columbia for transportation purposes: *Provided*, That the Capital Transit Co. shall exercise and succeed to all of the property, rights, and franchises of the Capital Traction and the Washington Railway & Electric Cos., which they are required herein to vest in the Capital Transit Co., subject, however, to the right of the Public Utilities Commission to order reasonable extension or reasonable abandonment of tracks and facilities.

Sec. 12. The Washington Railway & Electric Co., if the unification herein provided for shall become effective, shall remain subject to the jurisdiction of the Public Utilities Commission. Any sinking fund held by it shall remain available for the discharge of securities for which it remains liable and which are secured directly or indirectly, by any lien on property turned over to the Capital Transit Co.

Sec. 13. That Congress reserves the right to alter, amend, or repeal this resolution, or any charter or certificate of incorporation made thereunder, and any and all rights of franchise created by this resolution shall terminate one year following its repeal.

#### PROPOSED FAIR-TRADE LEGISLATION

Mr. BINGHAM. Mr. President, is it now in order to move to take up another bill?

The VICE PRESIDENT. It is.

Mr. BINGHAM. I move that the Senate proceed to the consideration—

Mr. CAPPER. Mr. President, I rise to a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. CAPPER. I should like to inquire of the Chair the status of the motion which I made yesterday to proceed to the consideration of Senate bill 97.

The VICE PRESIDENT. The Chair will state that he advised the Senator from Kansas yesterday that if the motion by him were set aside by the unanimous-consent agreement he would be afterwards recognized. The Chair feels, under the circumstances, that he should recognize the Senator from Kansas to make a motion to proceed to the consideration of the measure indicated, if he so desires.

Mr. CAPPER. I wish to renew my motion that the Senate proceed to the consideration of Senate bill 97.

The VICE PRESIDENT. The Senator from Kansas moves to proceed to the consideration of a bill, the title of which will be stated.

The CHIEF CLERK. A bill (S. 97) to protect trade-mark owners, distributors, and the public against injurious and uneconomic practices in the distribution of articles of standard quality under a distinguishing trade-mark, brand, or name.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Kansas.

#### TRANSFER OF TROOPS IN ARIZONA

Mr. ASHURST. Mr. President, pending that motion, my colleague Mr. HAYDEN has a resolution in the nature of an emergency, and upon which I believe it will require not over 10 minutes for the Senate to act. Inasmuch as those opposing and those favorable are present, I hope my colleague will ask unanimous consent for the consideration of the resolution referred to.

Mr. HAYDEN. Mr. President, I was on my feet seeking recognition to ask unanimous consent for the present consideration of Senate Resolution 306. I submitted the resolution a week ago and hoped to call it up from day to day in case the Senate adjourned. The Senate has not adjourned, however, and we have not had a morning hour since that time which would permit the resolution to be laid before the Senate. I now ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. The Senator from Arizona asks unanimous consent for the immediate consideration of a resolution, which will be read.

The Chief Clerk read the resolution (S. Res. 306) submitted by Mr. HAYDEN on the 15th instant, as follows:

Whereas under section 315 of the legislative appropriation act, approved June 30, 1932 (Public, No. 212), "the President is authorized, during the fiscal year ending June 30, 1933, to restrict the transfer of officers and enlisted men of the military and naval forces from one post or station to another post or station to the greatest extent consistent with the public interest"; and

Whereas the purpose of said section was to effect economies in the way of limiting the amount to be expended on travel by and within the military and naval forces; and

Whereas the Secretary of War has issued orders for the removal of troops from Camp Stephen D. Little and Camp Harry J. Jones, Ariz., thereby incurring a needless travel expense and imposing an additional charge on the United States Treasury, all of which is inconsistent with the intent and purpose of section 315 of said act; and

Whereas in addition to imposing an extra burden of expense on the Treasury in contravention of said act, the removal of said troops from Camp Stephen D. Little and Camp Harry J. Jones will withdraw from the cities of Nogales and Douglas, Ariz., a substantial pay roll upon which these two communities greatly depend for their present commercial existence; and

Whereas the removal of said troops, by reason of the consequential loss of said pay roll, will make the present deplorable conditions in said cities more desperate and will make necessary additional drains on the Treasury through the Reconstruction Finance Corporation for direct relief: Now, therefore, be it



*Resolved*, That the Secretary of War be, and he is hereby, requested to direct that the troops heretofore stationed at Camp Stephen D. Little and Camp Harry J. Jones be retained at said posts, and that all orders for the transfer of said troops be rescinded.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. REED. Mr. President, reserving the right to object, I should like to state the position of the War Department on this resolution and then make a request.

The PRESIDING OFFICER. The Senator from Arizona has the floor.

Mr. ASHURST. Mr. President, I ask unanimous consent to have read a telegram and some letters protesting against the transfer of these troops from these posts.

The VICE PRESIDENT. Does the Senator desire them read?

Mr. ASHURST. I should like to have the telegram and the letters read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read.

The Chief Clerk read as follows:

DOUGLAS, ARIZ., December 8, 1932.

Senator HENRY F. ASHURST,  
Washington, D. C.:

Camp Jones must be retained for Douglas. The people and merchants don't mind paying taxes and going in the hole, as they are now doing, to help keep schools, county, and State running pending better times. The removal of Camp Jones at this stage, in plain words, spells ruin to the majority of the independent merchants in Douglas. A beneficent Government on the one hand, through the Reconstruction Finance Corporation, is sending us money to relieve acute situation caused by unemployment, and on the other hand some agency wants to move the troops, which will cause business failures, additional unemployment, and aggravate an already acute, economic condition. In addition the Army is a vital factor in fostering of international relations and trade along this port of entry; but if no one realizes or believes that, certainly there can be no excuse for ignoring the seriousness of the threatened move from a purely economic standpoint in these terrible times. Failure to hear anything regarding our pleas causing our people great anxiety. And again we plead with you to see that Camp Jones is retained for Douglas; and if there is anything you think we can do, either by sending a representative to Washington or otherwise, please advise. The retention of Camp Jones means the difference between ruin and a fighting chance for our community to pull through.

DOUGLAS CHAMBER OF COMMERCE.  
REX RICE.  
A. G. CROUCH.  
SHELTON DOWELL.  
JOHN B. CROWELL.

The VICE PRESIDENT. Without objection, the letters sent to the desk by the Senator from Arizona will be printed in the RECORD.

The letters referred to are as follows:

PHOENIX, ARIZ., December 7, 1932.

Hon. HENRY F. ASHURST,  
United States Senator, Washington, D. C.

DEAR HENRY: It has come to my attention that the War Department has issued orders abandoning Camps Harry J. Jones at Douglas and Stephen D. Little at Nogales. I feel that this move at this time is not justified.

The condition of unrest along the border is such that the citizens should be given this additional protection of having the troops along the border instead of concentrated at Fort Huachuca due to the fact that there is no additional outlay necessary for camp facilities and that the saving to the United States Government by the abandonment of these posts and the concentration of the military forces at Fort Huachuca would be so small that it should not be taken into consideration when weighed against the protection of the American citizens and the spreading of the buying power of the soldiers over the several communities.

I will very much appreciate your bringing what influence you can to bear on this matter to see that these changes are not made.

Sincerely yours,

B. B. MOEUR, Governor Elect.

NOGALES, ARIZ., November 23, 1932.

Hon. GEORGE W. P. HUNT,  
Governor of the State of Arizona,  
Capitol Building, Phoenix, Ariz.

MY DEAR GOVERNOR HUNT: Along with the ills common to the entire country, Nogales is suffering severe restrictions with respect to business due to a very great extent to the limitations which have been placed upon our relations with Mexico, from whom we received practically 85 per cent of all our local business.

In addition to the above calamities, we are informed by the War Department that we are to suffer the loss of Camp Stephen D. Little by its removal to Fort Huachuca.

I need not worry you over the many reasons for which this should not be done from a strategic and military standpoint, for I think that fact is patent to all. What I wanted to say with respect to it is that the removal of the camp takes from us our last big pay roll.

Already this city is staggering under the burden of unemployment on the part of a great majority of people who were formerly employed in different lines of business here. This, with the other two conditions mentioned, places an almost unbearable burden on the local community. If we are to add the loss of the camp to this, no one can say what the real result may mean to the stability of this city.

As you know, I have under my direction the relief work of this city and county. Also, by your good grace, I am chairman of the Santa Cruz County (Ariz.) Reconstruction Finance Corporation Advisory Committee. This places me in a position to know just what is happening, both as a result of increasingly bad economic conditions and unemployment.

We now have one-third of our county's population on my list. The county treasurer informs me that we failed to collect all of the taxes last year and that this year's collection is 35 per cent below normal. This has made it necessary for the county to register its warrants. I have inquired at the bank as to how much credit the county may expect from the bank in this warrant registration. They have informed me that we still owe them \$13,000 in former registrations and that about \$12,000 credit is all that can be expected.

Due to this fact, each time I issue a county demand for indigent relief I am forced to borrow it at the bank at the rate of 2 per cent. This current month, in spite of the aid afforded us by the Reconstruction Finance Corporation Commission, I was forced to overdraw the monthly pro rata apportionment in the county outdoor relief fund, and, as I have stated, this was borrowed money.

With our credit limited as stated above and with tax collections slowed down to zero point the future looks very dark with respect to purchasing the bare necessities of life for our people.

I am making the statement of these facts to you, hoping that you may be able to use some of them in an attempt of not only if necessary increasing our Reconstruction Finance Corporation funds but to, above all things, keep Camp Stephen D. Little located at Nogales.

Thanking you most heartily for your past cooperation and trusting that your health is now fully recovered, I am,

Sincerely yours,

O. A. SMITH,

Chairman Santa Cruz County (Ariz.) Reconstruction  
Finance Corporation Advisory Committee.

Mr. REED. Mr. President, these troops are not being moved out of Arizona. Camp Little and Camp Jones are two temporary camps, built on leased property, and the War Department, for the sake of economy, is concentrating the garrisons now at those two posts at Fort Huachuca, which is a permanent post on Government-owned property, just a few miles away. The transfer will cost next to nothing, as the troops will move overland and not be taken by train. The transfer will really save considerable money, because about \$150,000 will be required to be spent on these temporary camps if the troops are to remain there through the winter.

I should like to put in the RECORD at this point, without the necessity of reading it, as it is long, a letter from the War Department dated December 16, giving in full their reasons for having ordered this troop movement.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

WAR DEPARTMENT,  
Washington, December 16, 1932.

Hon. DAVID A. REED,  
Chairman Committee on Military Affairs,  
United States Senate.

DEAR SENATOR REED: Careful consideration has been given to the proposed Senate resolution transmitted with your letter of December 15, 1932, with request for the views of the department with respect thereto.

The applicable provision of existing law on this subject appears under section 315 of the legislative appropriation act approved June 30, 1932, Public, 212, as quoted in paragraph 1 of the proposed Senate resolution.

On May 21, 1931, the War Department gave out a statement enumerating a large number of posts which it proposed to abandon or put on a caretaking basis. This action was made necessary due to demands for economy, both in money and troops. In some cases, due to changed conditions, these posts had outlived their usefulness, and we could not justify further expenditures for their upkeep. For others we had no proper garrisons, owing to reductions which have been made in the Army. This whole



program is nearing completion. Camp Harry J. Jones and Camp Stephen D. Little were included in this list of posts to be abandoned. Both were temporary posts built on leased ground, to meet disturbed conditions then existing on the Mexican border. These conditions no longer exist; and the further retention of these posts can not be justified, especially as a regularly established permanent post (Fort Huachuca), a few miles away and in the same State, stands ready to receive these troops. When the Tenth Cavalry was withdrawn from Huachuca, promises were made that the troops from the temporary camps of Harry J. Jones and Stephen D. Little would be assembled at Huachuca to replace the cavalry. Any abandonment of the present plan would also affect the completion of the 5-year Air Corps program as provided for in the act of Congress approved July 2, 1926. This is due to the fact that with the abandonment of these posts certain grades now held in the Twenty-fifth Infantry will become available to the Air Corps.

Huachuca, 12 miles from the border in direct line, stands at the apex of a triangle with its base on the Mexican border. One leg of this triangle is 35 miles from Camp Stephen D. Little in the direct line and 63 miles by road. The other leg is 45 miles in the direct line to Camp Harry J. Jones and 86 miles by road. The border in this whole vicinity will therefore be properly covered from Huachuca. The development of modern means of transportation—motor vehicles, armored cars, and airplanes—and the improved highway and communication systems will permit in an emergency the prompt and rapid movement of troops to threatened points in this area.

The change will be made overland at small expense, while if these posts were retained the routine yearly expenditures would total \$150,000; and as it was decided in 1931 to abandon these posts, practically no funds have been allotted for their upkeep and repair. Should the plan now be changed and should the posts remain, large expenditures would have to be made to overhaul, repair, or rebuild the temporary buildings composing the camps. Leases would have to be renewed. The posts would have to be restocked. All this will be avoided when the commitments already made by the War Department are executed and the troops assembled at Huachuca. Actually all preliminary steps looking to the abandonment of these posts have been taken.

Further views of the War Department with respect to the abandonment of these posts are set forth in War Department letter to the Hon. HENRY F. ASHURST, dated November 23, 1932, copy of which is inclosed.

For the reasons given above, the War Department is unalterably opposed to the passage of the proposed Senate resolution transmitted with your letter of December 13, 1932.

Sincerely yours,

PATRICK J. HURLEY,  
Secretary of War.

WAR DEPARTMENT,  
Washington, D. C., November 23, 1932.

HON. HENRY F. ASHURST,  
United States Senate.

DEAR SENATOR ASHURST: In compliance with your request of the 22d it is desired to advise you with reference to the proposed abandonment of two military camps located in the State of Arizona, i. e., Camp Stephen D. Little and Camp Harry J. Jones.

You are doubtless familiar with the fact that in order to meet with the requirements of the act of July 2, 1926, and to provide for the five increments of the Air Corps therein authorized it was necessary to make a number of units of other arms of the service inactive and to decrease the strength of certain other elements, so that the necessary increase in the Air Corps could be brought about.

With the reduced strength in the elements that were not made inactive for this purpose, it was realized that the Army was much depleted, and that for purposes of economy and proper training it would be necessary to concentrate troops into a lesser number of posts and to abandon a number of the small, isolated, or unnecessary stations. The whole matter has received careful consideration and study by the War Department, covering a considerable period of time. The problem was considered from every angle, and as a result of the study made announcement was made in 1931 that the department proposed to abandon certain posts and to place others on a care-taking basis.

Camp Stephen D. Little and Camp Harry J. Jones were included among the posts that it was deemed advisable to abandon, and the original plans contemplated that the troops at those places would be moved in the fall of 1931, but because of economic conditions it was decided to defer the movements in question until January 1, 1933, when the troops are to be sent to Fort Huachuca, Ariz.

It is believed that the Army will be benefited through the increased efficiency resulting from a concentration in a post of larger size of the troops from the two camps in question, and it is considered that a sizable saving will be made by this action through the elimination of the unnecessary overhead incident to the maintenance of these small garrisons. Camp Stephen D. Little and Camp Harry J. Jones were established several years ago at Nogales and Douglas, Ariz., at a time when conditions necessitated such action. They were never intended to be made permanent posts, and the housing facilities at both are but temporary and in bad condition; in fact, the condition of this

temporary housing is such that if troops were retained there large expenditures would be required. Even then the accommodations would still be poor and the upkeep would be very expensive. The present plan, which contemplates that the troops at these camps shall be transferred to Fort Huachuca, where permanent housing facilities are available, will not only bring about an increase in their efficiency by reason of the fact that the entire regiment involved will be in one garrison but will also be advantageous from the standpoint of living conditions.

The proposed movement does not mean that the adjacent border will receive less protection. The development of modern means of transportation, including motor vehicles, armored cars, and airplanes, and improvements in highways and communication systems all permit in an emergency the prompt and rapid movement of troops to threatened points. These new conditions, coupled with the economic and practical advantages outlined in the foregoing, make it undesirable, in the opinion of the War Department, to continue the unnecessary dispersion of the troops involved.

Trusting that the above will explain the situation satisfactorily, I am,

Sincerely yours,

F. H. PAYNE,  
Acting Secretary of War.

Mr. REED. Now, Mr. President, it seems to me that a matter of this kind, if it is to be dealt with by a legislative body at all, ought by all means to go to an appropriate committee. So I must insist, I think, that either this resolution be referred to the Military Affairs Committee or I shall have to call for the regular order and displace it by that method. I hope the Senator will agree to let it go to the committee.

Mr. HAYDEN. I realize, Mr. President, that it is impossible to obtain action on the resolution without unanimous consent, and I must, therefore, agree that the resolution go to the Committee on Military Affairs. There is no other way that we can approach the matter except that dictated by the Senator from Pennsylvania. I want to state publicly, however, that upon investigation I am sure the Senator from Pennsylvania will find that it is a greater distance from Fort Huachuca to Camp Jones and Camp Little than he anticipates. In case an emergency arises there, it is such a distance from the cities of Nogales and Douglas that they can not be properly and adequately protected.

The proof of that is that for 22 years there have been troops stationed at Camp Jones and at Camp Little, near Douglas and at Nogales. They were sent there first at the beginning of the Madero revolution in 1910. They were sent there "temporarily." They have been there "temporarily" for 22 years. In my judgment, there is exactly the same necessity to-day for troops to protect American lives and property at Nogales and Douglas as there was 22 years ago. Unless conditions materially improve in a neighboring country, 22 years from now we shall still need to have visibly present American troops upon the border. Let it not be forgotten that American citizens have been killed and wounded within the limits of both Nogales and Douglas by bullets fired from Mexico.

I am sure that if the Senator has gathered from the letter written by the War Department that this is a situation which can be cared for by the immediate movement of troops from a near-by military post he is seriously mistaken. The necessary improved roads are not there. The opportunities to bring troops to the border quickly are not such as the Senator would think by looking at a map. I earnestly urge that when the Senate resolution goes to his committee he will look carefully into actual facts and report them to the Senate.

Mr. ASHURST. Mr. President—

Mr. REED. Mr. President, I want to assure both Senators from Arizona—for myself and, I think, for every member of the Military Affairs Committee—that we are anxious that no injustice should be done to these Arizona citizens; and the committee is not prejudging the case at all. We will look into the resolution sympathetically, try to consider both sides, and will take action in the near future.

Mr. ASHURST. Mr. President, before the resolution goes to the committee, I want the RECORD to show that the junior Senator from Arizona [Mr. HAYDEN] and the Representative in Congress from Arizona [Mr. DOUGLAS], with an unrelenting zeal, with a fidelity, an energy, and an activity



seldom displayed by public servants anywhere, have labored in season and—the War Department believes—out of season to hold these two camps, respectively, at Douglas and at Nogales.

I want the RECORD further to show, if these troops are removed from these camps and in the future something unfortunate happens, no blame can attach to Senator HAYDEN or to Representative DOUGLAS. They have put forth every energy at their command to prevent the removal of these troops.

Mr. HAYDEN. Mr. President, I ask leave to have printed in the RECORD, for the information of the Committee on Military Affairs, a letter from the Governor elect of Arizona and copies of two telegrams addressed to the President of the United States.

There being no objection, the letter and telegrams were ordered to be printed in the RECORD, as follows:

PHOENIX, ARIZ., December 7, 1932.

HON. CARL HAYDEN,

United States Senator, Washington, D. C.

DEAR CARL: It has come to my attention that the War Department has issued orders abandoning Camps Harry J. Jones, at Douglas, and Stephen D. Little, at Nogales. I feel that this move at this time is not justified.

The condition of unrest along the border is such that the citizens should be given this additional protection of having the troops along the border instead of concentrated at Fort Huachuca. Due to the fact that there is no additional outlay necessary for camp facilities and that the saving to the United States Government by the abandonment of these posts and the concentration of the military forces at Fort Huachuca would be so small that it should not be taken into consideration when weighed against the protection of the American citizens and the spreading of the buying power of the soldiers over the several communities.

I will very much appreciate your bringing what influence you can to bear on this matter to see that these changes are not made.

Sincerely yours,

B. B. MOEUR, Governor elect.

DOUGLAS, ARIZ., December 9, 1932.

The PRESIDENT,

White House, Washington, D. C.:

We earnestly appeal to you with request that you intervene in present plan of War Department to move troops from Camp Harry J. Jones to Fort Huachuca. This community has suffered to greater extent than any community in Southwest. Our difficulties started with merger of Phelps Dodge Corporation and Calumet & Arizona Mining Co. and has been steadily accentuated by decline in copper price and production. The average monthly pay roll from the smelters in 1929 was \$213,333 as compared with average monthly pay roll now of \$28,500. Bank clearings in November, 1929, were four and one-quarter million and November, 1932, \$975,000. This community was first in State to organize adequately for relief of unemployed. All citizens have subscribed faithfully, despite terrific decline in business. The pay roll from Camp Jones is of sufficient importance to influence a number of business units to continue. Every business failure now aggravates the situation more seriously. The movement of the troops will be directly contrary to the policy you have upheld in trying to maintain the morale of communities. May we have your earnest cooperation.

L. J. TUTTLE, Mayor,  
A. G. CROUCH,  
C. N. POSTEN,  
MRS. ROBERT L. HOYAL,  
JOHN B. CROWELL,  
Special Committee.

DOUGLAS, ARIZ., December 9, 1932.

President HERBERT C. HOOVER,

White House, Washington, D. C.:

May we most respectfully urge that these facts are impelling against the removal of Camp Jones at this time. First, the smelter pay roll in Douglas in 1929 was \$2,560,000 and for November, 1932, \$28,500, equivalent to \$342,000 per annum. This reflects the condition of the mining industry here and the state of unemployment. Second, through the beneficent reconstruction finance operations over 650 American citizen heads of families of Douglas receive work relief each month, not paid for in cash but all by orders on local concerns for staple necessities, with maximum earnings to any one family of \$24 per month. In addition, partial relief from local funds supplemented by Red Cross flour afforded some 200 additional American families plus relief afforded partially to 330 noncitizen families. Third, the citizens of this community are as cheerful as may be, going in debt, paying taxes to keep schools, city, county, and State running, but is there one iota of fairness or reasonableness to add further to the burdens and problems the community faces by removing at this time Camp Jones? Such removal at this time will bring failures to business, increase tax delinquency and unemployment. The

latter logically involves additional Reconstruction Finance Corporation help. Fourth, our plea to retain Camp Jones is reasonable. Economically, we can't stand its removal under present conditions. May we bespeak your interest to retain it for us? With esteem,

F. W. WRIGHT, Chairman,  
G. R. DRYSDALE,  
J. E. CARLSON,  
H. A. WIMBERLEY,  
Community Relief Committee.

The VICE PRESIDENT. The resolution will be referred to the Committee on Military Affairs.

#### DISPOSAL OF SURPLUS NAVY SUPPLIES

Mr. THOMAS of Oklahoma. Mr. President, on yesterday the Senate passed Senate Joint Resolution No. 220, a measure sponsored by the junior Senator from California [Mr. SHORTRIDGE]. It provided for the distribution of excess Navy clothing. At about the same time the House of Representatives passed an identical joint resolution, its number being House Joint Resolution No. 500. The House joint resolution contains a slight amendment providing that the States shall share equally in the distribution.

I ask unanimous consent to call up the House joint resolution for immediate consideration.

The VICE PRESIDENT. The joint resolution will be read.

The joint resolution (H. J. Res. 500) authorizing the Secretary of the Navy to sell obsolete and surplus clothing at nominal prices for distribution to the needy, was read twice by its title.

Mr. THOMAS of Oklahoma. Mr. President, I have called the attention of the junior Senator from California [Mr. SHORTRIDGE] to this amendment. He says he has no objection to it. Therefore, I move that the Senate take up and pass the House joint resolution.

Mr. KING. Mr. President, I should like to ask the Senator from Oklahoma upon what basis the distribution is to be made—the population or the impoverished condition of the people? What are the factors that are to be determinative of the allocation of the commodities that are to be provided?

It seems to me there is a great deal of uncertainty there. I want to know how this distribution is to be made.

Mr. THOMAS of Oklahoma. I am advised that the distribution is to be made on the basis of population.

Mr. KING. Would that be fair? I can conceive of some States, largely industrial, where the needs of the population would be very much greater than the needs of a similar population in some other States. I do not know just how the authorities are going to deal with that matter justly.

I should have preferred to leave the matter entirely in the hands of the Red Cross, for instance, or some organization with authority to allocate the clothing wherever the needs of the people are the greatest. Of course, I shall not object to this measure; but I do think its administration will be fraught with difficulty, and that there will be a great deal of uncertainty and a great deal of criticism as to the manner of distribution.

Mr. THOMAS of Oklahoma. It is understood that if any State does not call for or accept its quota in 30 days such quota shall be then redistributed.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to a third reading, read the third time, and passed, as follows:

*Resolved, etc.,* That the Secretary of the Navy is hereby authorized, under such regulations as he may prescribe, to sell, at nominal prices, to recognized charitable organizations, to States and subdivisions thereof, and to municipalities, such nonregulation and excess clothing as may be available and required for distribution to the needy: *Provided*, That such clothing shall be sold only after agreement by the purchaser that it shall not be resold but shall be given absolutely free to the needy: *Provided further*, That a fair proportionate allotment of such clothing shall be set aside for distribution in each State and the District of Columbia as provided herein and shall not be sold for distribution within any other State until after the expiration of 30 days.



## PROPOSED FAIR-TRADE LEGISLATION

The VICE PRESIDENT. The question is on the motion of the Senator from Kansas [Mr. CAPPER] that the Senate proceed to the consideration of Senate bill 97, to protect trade-mark owners, distributors, and the public against injurious and uneconomic practices in the distribution of articles of standard quality under a distinguishing trade-mark, brand, or name.

Mr. COPELAND. Mr. President, yesterday I listened with great interest to what the Senator from Kansas [Mr. CAPPER] said about the bill which is the subject of the pending motion.

On page 827 of the RECORD I find a quotation made by the Senator from Mr. Justice Brandeis. The language used is:

Justice Louis Brandeis, of the United States Supreme Court, when a member of the Massachusetts bar, made the following significant statement as to the general policy of predatory price cutting:

Then follows the quotation:

Americans should be under no illusions as to the value or effect of price cutting. It has been the most potent weapon of monopoly—a means of killing the small rival to which the great trusts have resorted most frequently.

It is so simple, so effective. Far-seeing, organized capital secures by this means the cooperation of the short-sighted, unorganized consumer to his own undoing. Thoughtless or weak, he yields to the temptation of trifling, immediate gain, and, selling his birth-right for a mess of pottage, becomes himself an instrument of monopoly.

That is a quotation made by the Senator from Kansas from Mr. Justice Brandeis when he was a member of the Massachusetts bar, and not upon the Supreme Court.

A colloquy occurred between the Senator from Kentucky [Mr. BARKLEY] and the Senator from Kansas [Mr. CAPPER], and it is regarding that that I wish to speak. In the colloquy the Senator from Kentucky [Mr. BARKLEY]—I am sorry he is not here—called attention to this statement of the Senator from Nebraska, saying—and I quote the language of the Senator from Kentucky, as found on page 827—

It ought to be stated, in fairness to Justice Brandeis, that in issuing that statement he was not issuing it as a judge of the court, but as the employed attorney for the parties interested in this legislation.

Mr. President, in fairness to Mr. Justice Brandeis I think the facts ought to be correctly recorded.

As a matter of fact, by reference to the hearings held on May 30 and June 1, 1916, before the Committee on Interstate and Foreign Commerce of the House of Representatives on H. R. 13568, I find this language; and it shows that the Senator from Kentucky, I think, was mistaken in his recollection of the circumstances at the time.

On page 215, after Mr. Brandeis had testified, the chairman of the committee, Mr. Adamson, said:

You are not here solely in behalf of the ultimate consumers, are you?

Mr. BRANDEIS. I am here in behalf of the public; and I conceive that the public includes all of these classes of people, including Members of Congress.

The CHAIRMAN. Well, they need protection.

Mr. BARKLEY, who was then in the House, said—

I am not certain that the public looks upon it in that light.

Mr. BRANDEIS. I think they do.

Mr. BARKLEY. I mean in reference to Members of Congress.

Mr. DECKER. I have no desire to be personal, but we have asked the same questions of everybody here so we can get at the facts. I do not care whom you represent. If you are right I am for you, but sometimes it gives us an idea what is back of these things. I have been getting these circular letters about this Stevens bill. Who is back of this? Whom do you represent?

Mr. BRANDEIS. I represent myself—nobody else.

Mr. DECKER. Nobody else?

The CHAIRMAN. I was not more polite than Mr. Decker, but I knew you better than he did, therefore I put my question more adroitly; I did not ask you whom you represented, but who would be the beneficiary of this legislation.

Mr. BRANDEIS. Let me put it in another way.

Mr. DECKER. It is all right with me if you represent Morgan or not, or anybody else.

Mr. BRANDEIS. Unfortunately, I represent only myself.

Mr. President, I thought that the inference left by the colloquy yesterday was an unpleasant one; and if we may

depend upon the hearing from which I have quoted, Mr. Brandeis, then a member of the bar, said he was here representing himself, and not, as stated by the Senator from Kentucky, that he was "the employed attorney for the parties interested in this legislation."

While I am on my feet I want to say a word more.

A very interesting meeting of the Trade Committee Conference of the National Association of Manufacturers was held in New York on October 23, 1928.

At that time Mr. William J. Baxter, director of the Chain Stores Research Bureau, New York, and an expert on chain store management, said certain things which I should like to have in the RECORD. He referred to the fact that he had been associated with about 300 different chain-store organizations in their development, and, among other things, Mr. Baxter said:

To me there isn't any question as to the advisability of any retail store, if it can, to sell some nationally known product at cost to get the crowd. \* \* \* A consumer will go to a grocery store and she is willing to pay 55 cents for a steak, whereas it might be sold for 52 or 50 cents elsewhere, if she at the same time can purchase Campbell's soup or some other package goods at cost. \* \* \* Scientific retailing means studying the "blind" articles in the store and selling them at full prices. But what we call "open" articles, the ones that the consumer can go from store to store and compare, selling them at low prices.

Mr. WATSON. Mr. President—

Mr. COPELAND. Just one moment. I have no desire to continue the discussion, but I do want the RECORD to show that there are many very serious-minded persons, representing nobody but themselves and their own intelligence and the public, who believe that there is an evil here which should be dealt with effectively. Whether or not the Capper-Kelly bill can do that, or can not do it, I am not prepared to say; but I did want Mr. Brandeis to be properly represented regarding the statements he made in the hearing in 1916.

Mr. WATSON obtained the floor.

Mr. BINGHAM. Mr. President, will the Senator from Indiana yield to me?

Mr. WATSON. I yield.

Mr. BINGHAM. I understand the Senator from Indiana intends to move for an adjournment until to-morrow.

Mr. WATSON. I do.

## PERMISSIBLE ALCOHOLIC CONTENT OF BEER, ALE, OR PORTER

Mr. BINGHAM. Mr. President, to-morrow, as soon as may be in order, I shall move that the Senate proceed to the consideration of the bill (S. 2473) to provide for increasing the permissible alcoholic content of beer, ale, or porter to 3.2 per cent by weight, and to provide means by which all such beer, ale, or porter shall be made of products of American farms. I shall then offer an amendment to substitute for that bill the language of the bill passed by the House of Representatives yesterday, which was messaged to the Senate to-day.

## ADJOURNMENT

Mr. WATSON. Mr. President, that a quorum is not present is apparent, and I am satisfied that so many Senators have left the city and are not accessible that it would be difficult to get a quorum. Therefore I move that the Senate adjourn until to-morrow at noon.

The motion was agreed to; and the Senate (at 3 o'clock and 45 minutes p. m.) adjourned until to-morrow, Friday, December 23, 1932, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

THURSDAY, DECEMBER 22, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, we rejoice because of that hour when Almighty God came out of a world grown weary and gray and made Himself vocal in the heavenly anthem by the overhanging hosts—"Glory to God in the highest, on earth peace, good will toward men." Oh, what a thrilling moment